

**THE STATE OF THE U.S. LIVESTOCK AND  
POULTRY ECONOMIES**

---

---

**HEARING**  
BEFORE THE  
SUBCOMMITTEE ON LIVESTOCK AND FOREIGN  
AGRICULTURE  
OF THE  
COMMITTEE ON AGRICULTURE  
HOUSE OF REPRESENTATIVES  
ONE HUNDRED SIXTEENTH CONGRESS  
FIRST SESSION

JULY 16, 2019

**Serial No. 116-16**



Printed for the use of the Committee on Agriculture  
*agriculture.house.gov*

## COMMITTEE ON AGRICULTURE

COLLIN C. PETERSON, Minnesota, *Chairman*

DAVID SCOTT, Georgia	K. MICHAEL CONAWAY, Texas, <i>Ranking Minority Member</i>
JIM COSTA, California	GLENN THOMPSON, Pennsylvania
MARCIA L. FUDGE, Ohio	AUSTIN SCOTT, Georgia
JAMES P. McGOVERN, Massachusetts	ERIC A. "RICK" CRAWFORD, Arkansas
FILEMON VELA, Texas	SCOTT DESJARLAIS, Tennessee
STACEY E. PLASKETT, Virgin Islands	VICKY HARTZLER, Missouri
ALMA S. ADAMS, North Carolina <i>Vice Chair</i>	DOUG LAMALFA, California
ABIGAIL DAVIS SPANBERGER, Virginia	RODNEY DAVIS, Illinois
JAHANA HAYES, Connecticut	TED S. YOHO, Florida
ANTONIO DELGADO, New York	RICK W. ALLEN, Georgia
TJ COX, California	MIKE BOST, Illinois
ANGIE CRAIG, Minnesota	DAVID ROUZER, North Carolina
ANTHONY BRINDISI, New York	RALPH LEE ABRAHAM, Louisiana
JEFFERSON VAN DREW, New Jersey	TRENT KELLY, Mississippi
JOSH HARDER, California	JAMES COMER, Kentucky
KIM SCHRIER, Washington	ROGER W. MARSHALL, Kansas
CHELLIE PINGREE, Maine	DON BACON, Nebraska
CHERI BUSTOS, Illinois	NEAL P. DUNN, Florida
SEAN PATRICK MALONEY, New York	DUSTY JOHNSON, South Dakota
SALUD O. CARBAJAL, California	JAMES R. BAIRD, Indiana
AL LAWSON, JR., Florida	JIM HAGEDORN, Minnesota
TOM O'HALLERAN, Arizona	
JIMMY PANETTA, California	
ANN KIRKPATRICK, Arizona	
CYNTHIA AXNE, Iowa	

---

ANNE SIMMONS, *Staff Director*  
MATTHEW S. SCHERTZ, *Minority Staff Director*

---

### SUBCOMMITTEE ON LIVESTOCK AND FOREIGN AGRICULTURE

JIM COSTA, California, *Chairman*

ANTHONY BRINDISI, New York	DAVID ROUZER, North Carolina, <i>Ranking Minority Member</i>
JAHANA HAYES, Connecticut	GLENN THOMPSON, Pennsylvania
TJ COX, California	SCOTT DESJARLAIS, Tennessee
ANGIE CRAIG, Minnesota	VICKY HARTZLER, Missouri
JOSH HARDER, California	TRENT KELLY, Mississippi
FILEMON VELA, Texas	JAMES COMER, Kentucky
STACEY E. PLASKETT, Virgin Islands	ROGER W. MARSHALL, Kansas
SALUD O. CARBAJAL, California	DON BACON, Nebraska
CHERI BUSTOS, Illinois	JIM HAGEDORN, Minnesota
JIMMY PANETTA, California	

KATIE ZENK, *Subcommittee Staff Director*

## C O N T E N T S

---

	Page
Conaway, Hon. K. Michael, a Representative in Congress from Texas, opening statement .....	5
Costa, Hon. Jim, a Representative in Congress from California, opening statement .....	1
Prepared statement .....	3
Rouzer, Hon. David, a Representative in Congress from North Carolina, opening statement .....	4
 WITNESSES	
Zimmerman, John, turkey farmer; Member, Executive Committee, National Turkey Federation, Northfield, MN .....	7
Prepared statement .....	9
Porter, Holly, Executive Director, Delmarva Poultry Industry, Inc., Georgetown, DE .....	10
Prepared statement .....	12
Will, David, General Manager, Chino Valley Ranchers; Co-Chair, Organic Committee, United Egg Producers, Colton, CA; on behalf of Pacific Egg and Poultry Association .....	14
Prepared statement .....	15
Georgiades, Kelley Sullivan, Owner and Operator, Santa Rosa Ranch; Member, Board of Directors, Texas and Southwestern Cattle Raisers Association, Crockett, TX .....	17
Prepared statement .....	18
Salmon, Stephen J., rancher; Member, American Sheep Industry Association; Director, Texas Sheep and Goat Raisers' Association, San Angelo, TX .....	20
Prepared statement .....	21
Herring, David Dee, Vice President, TDM Farms/Hog Slat Inc.; President, National Pork Producers Council, Lillington, NC .....	24
Prepared statement .....	25



## **THE STATE OF THE U.S. LIVESTOCK AND POULTRY ECONOMIES**

---

**TUESDAY, JULY 16, 2019**

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON LIVESTOCK AND FOREIGN AGRICULTURE,  
COMMITTEE ON AGRICULTURE,  
*Washington, D.C.*

The Subcommittee met, pursuant to call, at 10:04 a.m., in Room 1300 of the Longworth House Office Building, Hon. Jim Costa [Chairman of the Subcommittee] presiding.

Members present: Representatives Costa, Brindisi, Hayes, Cox, Craig, Harder, Plaskett, Bustos, Panetta, Peterson (*ex officio*), Rouzer, Thompson, Hartzler, Kelly, Marshall, Bacon, Hagedorn, and Conaway (*ex officio*).

Staff present: Malikha Daniels, Matt MacKenzie, Katie Zenk, Callie McAdams, Patricia Straughn, Jeremy Witte, Dana Sandman, and Jennifer Yezak.

### **OPENING STATEMENT OF HON. JIM COSTA, A REPRESENTATIVE IN CONGRESS FROM CALIFORNIA**

The CHAIRMAN. Ladies and gentlemen, the Subcommittee on Livestock and Foreign Agriculture will now come to order. As we said at the outset, we are attempting to try to hold at least two Subcommittee hearings a month, and we are pretty much keeping on track. Both the Ranking Member, Mr. Rouzer, and I have been working with other Committee Members who are trying to make sure that we have a thorough vetting of the issues affecting the livestock industry and foreign agriculture around the country, and the regional impacts that we see taking place. We know that they are not all evenly placed, and of course, these trade or tariff wars are having an impact as it relates from commodity to commodity group. And therefore, we think it is fitting and appropriate that we have the poultry industry today give us a state of how they are doing, and not only with regards to poultry economics, but also U.S. livestock in general.

The title of this morning's hearing, *The State of U.S. Livestock and Poultry Economies*, will come to order. We are pleased to have a good cross representative of industry leaders. Our goal today is to hear from on the ground stakeholders in various segments of the livestock and poultry industry so we know in Congress what is going on for the men and women who are involved in this very important part of animal agriculture in our country that provides protein for all Americans. And enough so that we can export.

Livestock and poultry producers have big impacts on rural economies. In my district alone, sales of livestock, poultry, and related products adds up to over \$2 billion a year. Nationwide, that is nearly in excess of \$200 billion annually. It has significant broad reaching effects throughout the country.

Today's hearing builds on the previous work of this Subcommittee, including a hearing we had 2 months ago with the United States Department of Agriculture Under Secretary Greg Ibach on our ability to prevent and respond to a new suite of animal health programs that was enacted as part of the new 2018 Farm Bill. Effective administration of animal pest and disease prevention programs were dealt with, and how we mitigate and eradicate with these new programs is crucial, especially now as threats of Virulent Newcastle Disease, Cattle Fever Ticks, African Swine Fever that threaten farmers and ranchers across the country.

It is hard to talk about the state of the livestock and poultry economies without talking about trade, as I noted in the outset. Access to foreign markets and fluctuations in foreign demand continue to be a major, major concern as livestock and poultry farmers need export markets. The Administration's tariff-first attitude hasn't been helping the longstanding issues for poultry access into places like China needing to be addressed.

I grew up on our family's farm with the notion that farmers, ranchers, and dairymen are price takers, not price makers. That means for the first person's who are not familiar with life on the farm, they put all the input costs throughout the year and at the end of the year, farmers, ranchers, and dairymen take what the world market price is. And they may have X in that product over a period of months, and need a Y to have a profit. But if the market is not Y, they are going to get X, and that is the challenge. Farmers, ranchers, and dairymen are price takers, not price makers.

These tariffs are very troubling, and we see that combined with climate conditions of floods taking place in parts of the country that add further exacerbation of the challenges our folks are facing.

We also know the need for a workable immigration system. For all the rhetoric and emotion that surrounds the immigration debate, livestock and poultry producers know that they depend upon a reliable, year-round labor workforce to keep both the farms and the packing sheds running. And what we have seen—and I know in California, it is a continuing decline of available workforce and reliable workforce in our fields and in our packing operations. And it is very troubling, and there is fear out in farm country, I can tell you, in the communities that I represent. I just saw it last week about potential of raids and the impacts of people being deported when some families are documented and there legally, and some are not. That fear is real.

Other issues we have, included with Federal meat inspection, food safety, meat and poultry labeling across new technologies, and Packers and Stockyards Act functions are all major issues concerning this Subcommittee, and we will delve into that at a later date.

Today's hearing, though, is just one more step in an ongoing conversation on these important issues. The new farm bill requires the

USDA to complete several studies that will provide Congress with the necessary information on important issues including an analysis of a possible Livestock Dealer Trust and the effectiveness of Food Safety Inspection Service outreach to small livestock processors. That information is going to help guide our work on these important issues, moving forward. We look forward to getting these studies back and scheduling a hearing appropriately where we can discuss the results with you.

As Livestock Mandatory Price Reporting expires in 2020, this Subcommittee is interested in learning farmer priorities in advance so that we can deal with reauthorization.

I want to thank all of your for being here. I want to thank Members of the Subcommittee for your presence and your involvement.

[The prepared statement of Mr. Costa follows:]

PREPARED STATEMENT OF HON. JIM COSTA, A REPRESENTATIVE IN CONGRESS FROM CALIFORNIA

Good morning, and welcome to today's hearing of the Subcommittee on Livestock and Foreign Agriculture on the state of the livestock and poultry economy.

Our goal today is to hear from on-the-ground stakeholders in various segments of the livestock and poultry industry so we in Congress know what's going on for the men and women involved in animal agriculture.

Livestock and poultry producers have big impacts on rural economies. In my district alone, sales of livestock, poultry, and related products added up to over \$2 billion a year. Nationwide, that number is nearly \$200 billion annually.

Today's hearing builds on the previous work of this Subcommittee, including a hearing we had 2 months ago with USDA Under Secretary Greg Ibach on our ability to prevent and respond to animal pests and diseases, including the implementation of a new suite of animal health programs that was enacted as part of the 2018 Farm Bill. Effective administration of animal pest and disease prevention, mitigation, and eradication is crucial, especially now as threats of Virulent Newcastle Disease, Cattle Fever Ticks, and African Swine Fever threaten farmers and ranchers across the country.

It's hard to talk about the state of the livestock and poultry economies without talking about trade. Access to foreign markets and fluctuations in foreign demand continue to be a major concern as livestock and poultry farmers need export markets. The Administration's tariff-first attitude hasn't been helping and longstanding issues for poultry access to places like China need to be addressed.

We also know you need access to a workable immigration system. For all the rhetoric and emotion that surrounds the immigration debate, livestock and poultry producers know that they depend on a reliable, year-round labor workforce to keep both farms and packing plants running smoothly.

Other issues including Federal meat inspection, food safety, meat and poultry labeling, access to new technologies, and Packers and Stockyards Act functions are all major issues of concern before this Subcommittee.

Today's hearing is just one more step in an ongoing conversation on these important issues. The new farm bill requires USDA to complete several studies that will provide Congress with necessary information on important issues including an analysis of a possible Livestock Dealer Trust and effectiveness of Food Safety Inspection Service outreach to small livestock processors. That information is going to help guide our work on these important issues, moving forward. We look forward to getting these studies back on time and discussing their results with you.

And as Livestock Mandatory Price Reporting expires in 2020, this Subcommittee is interested in learning farmer priorities in advance of reauthorization.

Thank you all for being here today and I look forward to your testimony.

With that I recognize the Ranking Member, Mr. Rouzer, for any comments he wishes to make.

The CHAIRMAN. I am going to recognize the Ranking Member for any comments that he may make, and then we also have our Chairman and Ranking Member of the full Committee here to see if they have any comments.

We are going to do something a little different, because all of our witnesses represent the breadth and width of this great country of ours, and we are going to allow the Members who some of these witnesses come from their areas to actually introduce their witnesses. We will do that after the opening statement by the Ranking Member.

**OPENING STATEMENT OF HON. DAVID ROUZER, A  
REPRESENTATIVE IN CONGRESS FROM NORTH CAROLINA**

Mr. ROUZER. Well thank you, Mr. Chairman, and I appreciate you holding today's hearing to consider the state of the livestock and poultry economies.

We are meeting today against the backdrop of the incredibly difficult times in the agriculture industry as a whole. Our producers find themselves in a precarious spot after facing several years of extreme weather, volatile feed costs, uncertain export markets, and constant pressure to protect their herds and flocks from disease. Whether it is African Swine Fever, labor shortages, as you mentioned, FDA's misguided animal biotech strategy, Newcastle Disease, take your pick, the animal agriculture sector faces significant threats that are capable of devastating not only individual farmers, but the broader rural economy as a whole.

In May, this Subcommittee heard from Under Secretary Greg Ibach about USDA's prevention and response capabilities for animal pest and disease threats. As we discussed in that hearing, thanks to the efforts of the livestock industry and my colleagues specifically here in this chamber, the 2018 Farm Bill made an historic investment in the tools needed for USDA and various partners to identify, diagnose, and respond to these threats.

This Committee continues to engage with the Department, and we are pleased to see progress being made on the farm bill implementation.

Perhaps the most important thing that this Congress can do to improve not just the livestock and poultry economies, but the entire agriculture sector, is ratify the U.S.-Mexico-Canada agreement, or USMCA as we know it. According to the U.S. International Trade Commission, the increased market access for dairy products with U.S.-specific TRQs and the elimination of Canada's Class VI and Class VII milk pricing will lead to a net increase in U.S. production of almost \$227 million. For poultry, eggs, and egg products, the U.S. would maintain excellent access to Mexico, its top market for those products, and would see an increase in Canada's TRQs for turkey, chicken, eggs, and egg products with exports of some products expected to grow nearly 50 percent.

Further, there are numerous protections and benefits across the livestock and poultry sector in the new agreement on sanitary and phytosanitary standards. With all that our farmers and ranchers are going through, it is vital that we pass USMCA just as soon as practically possible.

Finally, I would like to acknowledge and thank each of the witnesses for providing your testimony today, as well as your insight. The time spent away from your families and operations is not lost on us, and we greatly appreciate your commitment to providing

this Committee with timely information that enables us to do the very best we possibly can to effectuate good public policy.

I look forward to hearing from you, and Mr. Chairman, I will yield back.

The CHAIRMAN. I thank the Ranking Member for his opening remarks, and I see that Chairman Peterson is not here, but I see the Ranking Member, Mike Conaway from Texas, is here, would you like to make an opening statement?

**OPENING STATEMENT OF HON. K. MICHAEL CONAWAY, A  
REPRESENTATIVE IN CONGRESS FROM TEXAS**

Mr. CONAWAY. Only to say that you and the Ranking Member both said what needed to be said, and I would rather hear from the witnesses. I yield back. Thank you.

The CHAIRMAN. All right. As I noted beforehand, we are going to get the formal introduction of the witnesses by individual Members out of the way to begin with.

I believe, Mr. Conaway, you have a witness that comes from your area that you would like to introduce?

Mr. CONAWAY. I do. Thank you, Mr. Chairman. I would like to recognize Steve Salmon from San Angelo, Texas. Steve is a third-generation rancher raising sheep, goats, and cattle north of San Angelo, Texas. Steve is a member of the Texas Sheep and Goat Raisers Association, where he currently serves as the Chair of the Natural Resources and Environmental Affairs Committee.

Steve, thank you for coming here today, and we look forward to your testimony.

The CHAIRMAN. We thank the Ranking Member for that appropriate recognition of that witness. We look forward to your testimony.

Next on my list here is Ms. Craig from Minnesota. I believe you have a witness from your district that you would like to introduce?

Ms. CRAIG. Yes, sir. Thank you, Mr. Chairman.

I am incredibly proud to welcome John Zimmerman from my district to testify before the Committee this morning. John is a second-generation Minnesota turkey farmer who also raises corn and soybeans. John is past-President of the Minnesota Turkey Research and Promotion Council, and on the Executive Committee of the National Turkey Federation. He is a graduate of Iowa State University with a bachelor's degree in animal science. He is also the current Board Chair of River Country Cooperative, headquartered in Inver Grove Heights, Minnesota.

He and his wife, Cara, and son, Grant, live in the great City of Northfield in Minnesota's second Congressional District. Welcome, John.

The CHAIRMAN. All right. I have two witnesses, I believe here, that I would like to introduce. Ms. Porter serves as the Executive Director of Delmarva Poultry Industry, Inc., which is based in Georgetown, Delaware, represents over 1,700 members of the meat chicken industry in Delaware, Maryland, and Virginia. And we are very pleased that you are here, and look forward to your testimony.

In addition to Ms. Holly Porter, we have another witness, Mr. David Will. He is the General Manager in Chino Valley Ranchers in Colton, California, and the ranchers operate five farms in south-

ern California, and source eggs from farms in a total of eight states, as I understand. Mr. Will is with us today on behalf of the Egg Farmers of California, Pacific Egg and Poultry Association, and United Egg Producers. Part of that group that comes and makes omelets once a year. You make good omelets. We are glad that you come here.

In addition to that, Mr. Vela, who I guess wanted to be here—I hope he will be here at some time during the testimony, has a witness from his part of Texas, and I will introduce her. Ms. Kelley Sullivan Georgiades—

Mrs. GEORGIADES. It has only been my name for a month, so I am getting used to it myself.

The CHAIRMAN. You are Mrs. Georgiades.

Mrs. GEORGIADES. Very good. I am very impressed.

The CHAIRMAN. Well, we will work with that. Mrs. Georgiades is the owner and operator of Santa Rosa Ranch, which specializes in Brangus cattle near Crockett, Texas, and she is here today on behalf of the Texas and Southwest Cattle Raisers, and we are glad that you are here to talk about that important part of the U.S. beef industry.

And then, you have a witness as well, Mr. Rouzer, and I will let you introduce your witness.

Mr. ROUZER. Well thank you, Mr. Chairman. It is a great pleasure for me to introduce a friend, David Herring, who is also a hog farmer from Lillington, North Carolina. David currently serves as the President of the National Pork Producers Council and works as the Vice President of TDM Farms/Hogslet, Incorporated, which is a family-owned company. David and his brothers, Tommy and Mark, started TDM Farms in 1983, growing feeder pigs for market outdoors. Today, TDM Farms is a sow, farrow-to-finish operation with farms in North Carolina, Indiana, and Illinois, and as a fellow NC State alum, it is a great pleasure to have David with us today, who also is an NC State graduate, and who is doing a fine job as President of the National Pork Producers Council. David, great to have you here.

I yield back, Mr. Chairman.

The CHAIRMAN. Well, thank the Ranking Member for that good introduction, and we look forward to all six witnesses testifying.

Some of you may have more familiarity with this process than others, but let me, for all of you, simply say that your testimony, as you have been informed, is limited to 5 minutes. You have a lighting device in front of you. It is green for 4 minutes, and then on the fifth minute, it turns yellow, and then when you hit the sixth minute, it turns red. And we like you to conclude your testimony when it turns red. If you could go a little bit before and end while it is still yellow, that is fine, because that gives us a little more time.

The chair will be tolerant to a point, but obviously if you continue to go on, that doesn't work so well for the Committee. You do have the ability to provide extended testimony for the record that is written that we can then look at, but it is 5 minutes. That is the way we do it. We will get through all of your six statements, and then following, questions by Members of the Subcommittee

here. And we are limited to 5 minutes, and we already have a list of Members on both sides who are looking to ask questions.

Let us begin with Mr. John Zimmerman, turkey farmer, Northfield, Minnesota, on behalf the Minnesota Turkey Growers Association and the National Turkey Federation. You have 5 minutes. Please open up.

**STATEMENT OF JOHN ZIMMERMAN, TURKEY FARMER;  
MEMBER, EXECUTIVE COMMITTEE, NATIONAL TURKEY  
FEDERATION, NORTHFIELD, MN**

Mr. ZIMMERMAN. Good morning, Chairman Costa, Ranking Member Rouzer, Congresswoman Craig, and Members of the Committee. Thank you for the opportunity to share the turkey industry's perspective today.

My name is John Zimmerman, and I am a turkey grower from Northfield, Minnesota. On our farm, we raise about 4 million pounds of turkey per year, and grow corn and soybeans as well. For me, raising turkeys has been a family business. I have been around the industry my entire life. My father raised turkeys before me, and I have taken over the family business. I won't say that it is easy work, but we love what we do.

I also serve on the Executive Committee of the National Turkey Federation, which represents the entire U.S. turkey industry, from growers like myself, to processing companies, and also our industry partners. Last year, more than 244 million turkeys were raised in the United States, and USDA estimates that turkey meat production will reach 5.8 billion pounds this year, right in line with what it was in 2018. In total, the turkey industry generates nearly 441,000 jobs, and in order to support these jobs, we need to make sure policies coming out of Washington that affect us are common sense and preserve rural America's ability to thrive.

That is where we need your help, and we look forward to working with Congress and this Committee to address these issues.

The turkey industry currently exports more than ten percent of its products, and trade continues to play a more critical role in our industry's ability to profitably grow. Now, more than ever, the turkey industry needs government's assistance opening closed markets and those markets that are open, but prohibit U.S. turkey imports for other reasons. We are pleased to report that almost all markets that were closed due to the 2015 outbreak of Highly-Pathogenic Avian Influenza have reopened, but we still lack access to some very critical markets, such as China. We are hopeful the ongoing trade discussions yield a successful return, as this will greatly improve the current stagnant turkey market conditions.

In 2018, NTF members exported more than 610 million pounds of turkey valued at \$623 million, and we will continue working with government to build trade relationships.

The CHAIRMAN. What percentage of that total production is that you are exporting?

Mr. ZIMMERMAN. Is exported?

The CHAIRMAN. Yes.

Mr. ZIMMERMAN. Ten percent.

To that end, the turkey industry is here for our annual fly-in, and our number one priority is encouraging passage of USMCA.

Our industry has always had a fantastic relationship with Mexico, and ratifying this agreement will only improve that bond. The deal also lays the groundwork to see greater quantity of U.S. turkey sent to Canada. This agreement did not go as far as we were hoping, given their supply management system for poultry; however, it is a modest improvement. And we strongly encourage Congress to vote “yes” on USMCA as soon as possible.

In 2015, the poultry industry was devastated by HPAI, which exponentially reduced our export markets and forced the destruction of flocks throughout my home State of Minnesota. The global spread of HPAI and now African Swine Fever shows that no country is immune, and we need to be prepared with an adequate number of well-qualified response teams who have the resources to work directly with animal agriculture to avoid these diseases through prevention, first and foremost.

The farm bill process created the National Animal Disease Preparedness and Response Program, designed to limit the impact of foreign zoonotic diseases on U.S. livestock and poultry producers, and we applaud the Committee for holding hearings earlier this year on the status of the program. We anxiously await its implementation.

As the saying goes, an ounce of prevention is worth a pound of cure, and we need to stay focused on targeted efforts in both monitoring and rapid response that reduce the ability of foreign diseases to gain a foothold in this country, which devastate our industries and wreck our trade markets.

As I mentioned 3 years ago during my testimony before this Committee, our industry continues to suffer from a lack of access to workers. We support immigration reform that includes policies and provisions that meet the needs of the U.S. economy, but most importantly, a visa program for meat and poultry processors. Most turkey plants are located in rural, low-unemployment areas, and to fully staff these plants, producers must recruit from outside their local areas, and in many instances, rely on immigrant labor. Existing guestworker programs target only seasonal, on farm labor, and non-agricultural manufacturing, and we need workers in our plants year-round. We stand ready to work with any and all parties to achieve a workable system. There is currently no single bill that provides a silver bullet, but it is time to resolve the immigration debate for the good of rural America’s economy.

Finally, the meat and poultry industries have been working with USDA, FDA, and academia to find better ways to combat diseases and conditions that impact food safety and overall animal health. Food safety and animal welfare are our top priorities, and we have committed hundreds of millions of dollars to these tasks. But the partnership with the Federal Government is important to us, and there is considerable expertise at the Agricultural Research Service, and we simply encourage the Federal Government to continue committing, and if possible, enhance resources to improving food safety and animal welfare. Research, modernizing inspections, and streamlined processes for new technology approval are critical to maintaining the status of having the safest food in the world.

Once again, thank you for the opportunity to testify today on the state of the U.S. turkey industry and the issues impacting our businesses, and I would be happy to answer any questions.

[The prepared statement of Mr. Zimmerman follows:]

**PREPARED STATEMENT OF JOHN ZIMMERMAN, TURKEY FARMER; MEMBER, EXECUTIVE COMMITTEE, NATIONAL TURKEY FEDERATION, NORTHFIELD, MN**

Good morning, Chairman Costa, Ranking Member Rouzer, Congresswoman Craig, and Members of the Committee. Thank you for the opportunity to share the turkey industry's perspective today.

My name is John Zimmerman, and I'm a turkey grower from Northfield, Minnesota. On my farm, we raise about four million pounds of turkey each year and grow corn and soybeans as well. For me, raising turkeys is a family business. I've been around the turkey industry my entire life. My father raised turkeys before me, and I took over the family business. I won't say that it's easy work. But I do what I love.

I also serve on the Executive Committee of the National Turkey Federation, which represents the entire U.S. turkey industry from growers like me to processor companies and our industry partners as well. Last year, more than 244 million turkeys were raised in the United States, and USDA's latest data projects that turkey meat production will reach 5.8 billion pounds this year, right in line with what we saw in 2018. In total, the turkey industry generates nearly 441,000 jobs. As the industry continues to recover from the avian influenza outbreak in 2015 and gain access to new markets for turkey, we are also working to find more ways to remain competitive and meet consumer demands in a crowded protein field. After all, while turkey may have its big day on Thanksgiving, it's a great protein source year-round. I see significant potential for the turkey industry's growth in the near future, but we need to make sure policies coming out of Washington that affect agriculture and food manufacturing are common sense and preserve rural America's ability to thrive. That's where we need your help, and we look forward to working with Congress, and this Committee, to address these issues.

#### **Exports**

The turkey industry currently exports more than ten percent of its products, and trade continues to play a more critical role in our industry's ability to profitably grow. Now more than ever, the turkey industry needs our government's assistance opening closed markets or those markets that are open and prohibit U.S. turkey imports in other ways. We are pleased to report that almost all markets that were closed due to the 2015 outbreak of Highly-Pathogenic Avian Influenza (HPAI) have reopened, but we still lack access to some very critical markets, such as China as they continue to block U.S. poultry into the market. We are encouraged and hopeful that the trade discussions that are ongoing will yield a successful return—having this market available again will greatly improve current stagnate market conditions.

In 2018, NTF members exported more than 610 million pounds of turkey valued at \$623 million. We will continue working with our government to build relationships that benefit not only us but assist those importing countries in growing jobs through further processing and distribution of delicious turkey products.

To that end, the turkey industry's number one priority is encouraging the passage of the U.S.-Mexico-Canada Agreement (USMCA). The turkey industry has a fantastic relationship with those we do business with in Mexico and ratifying this agreement will only improve that bond. The deal also lays the groundwork to see a greater quantity of U.S. turkey products going north to Canada. The agreement did not go as far as we were hoping given their supply management system for poultry; however, it is a modest improvement. It also achieves valuable concessions on sanitary/phytosanitary standards. We strongly encourage Congress to vote "yes" on USMCA as soon as possible.

Additional markets that we are hopeful to improve access to are China as previously mentioned and India, which is still only nominally open even though we have been granted access.

#### **Disease Prevention Through Monitoring and Rapid Response**

In 2015, the poultry industry was devastated by HPAI, which exponentially reduced our export markets and forced the destruction of flocks throughout my home State of Minnesota. Today, with the dangerous spread of African Swine Fever (ASF) throughout the world, we are reminded once again that we must be proactive in lim-

iting our exposure to emerging diseases that are a constant threat. The global spread of HPAI and now ASP shows that no country is immune, and we need to be prepared with an adequate number of well-qualified response teams who have the resources to work directly with animal agriculture to avoid these diseases through prevention first and foremost. The farm bill process created the forward-looking, mandatory National Animal Disease Preparedness and Response Program designed to limit the impacts of foreign zoonotic diseases on U.S. livestock and poultry producers. We applauded this Committee for holding a hearing earlier this year in order to get a report on the progress of rolling out the plan. We are anxiously awaiting implementation of this program as we truly do believe that "an ounce of prevention is worth a pound of cure." We need to stay focused on targeted efforts, in both monitoring and rapid response, that reduce the ability of foreign diseases to gain a foothold in this country, devastate our industries and wreck trade markets. We appreciate the progress made by APHIS on this front and look forward to creating stronger, coordinated disease prevention measures.

#### **Immigration**

As I mentioned 3 years ago during my testimony before this Committee, our industry continues to suffer from a lack of access to workers. The turkey industry supports immigration reform that includes policies and provisions that will maximize benefits to the industry and ensure a strong and durable immigration system that meets the needs of the U.S. economy.

Most turkey plants are located in rural, low-unemployment areas. To fully staff these plants, producers must recruit from outside of their local areas and in many instances must rely on immigrant labor. Existing guestworker programs target only seasonal, on-farm labor and non-agricultural manufacturing. We need workers in our plants year-round, and we stand ready to work with any and all parties to achieve a workable system. The turkey industry hopes that Washington can put the rhetoric aside and find a solution.

As mentioned earlier, the meat and poultry industry has the opportunity to grow and provide additional quality jobs, particularly if export markets can be improved, but we must have workers available to help meet new demands. Otherwise, it will be virtually impossible to capitalize when the doors of new export markets are pushed further open. NTF members need better access to a pool of legal, general labor immigrant workers, and we support a visa program that addresses the needs of the meat and poultry processing industries. There is currently no single bill that provides a "silver bullet," but it is time to resolve the immigration debate for the good of rural America's economy.

#### **Food Safety**

Finally, the meat and poultry industries have been working with USDA, FDA and academia to find better ways to combat diseases and conditions that impact food safety and overall animal health. Food safety and animal welfare are our top priorities, and we have committed hundreds of millions of dollars to these tasks. But, the partnership of the Federal Government is important to us. There is considerable expertise at the Agricultural Research Service, and we simply encourage the Federal Government to continue committing—and if possible enhance—resources to improving food safety and animal welfare. Research, modernizing inspections and a streamlined process for new technology approval is critical to maintaining the status of having the safest food in the world.

Once again, thank you for the opportunity to testify today on the state of the U.S. turkey industry and the issues impacting our businesses. I will be happy to answer any questions.

The CHAIRMAN. All right, a little over your time, but within reason.

Our next witness is Ms. Holly Porter, the Executive Director of the Delmarva Poultry Industry, Inc., in Georgetown, Delaware. Ms. Porter, would you please begin your testimony?

#### **STATEMENT OF HOLLY PORTER, EXECUTIVE DIRECTOR, DELMARVA POULTRY INDUSTRY, INC., GEORGETOWN, DE**

Ms. PORTER. Good morning, and thank you, Chairman Costa, Ranking Member Rouzer, and Members of the Subcommittee. As mentioned, I am the Executive Director of the Delmarva Poultry Industry, Incorporated, which is the trade association that rep-

resents the family farmers, the processors, and the allied businesses within Delaware, the Eastern Shore of Maryland, and the Eastern Shore of Virginia, also known as the Delmarva Peninsula.

It is a pleasure to be here today representing the meat industry, which actually got its start on the Delmarva nearly 100 years ago. Today, our ag economy in Delmarva is built on what we refer to as a three-legged stool. The family farmers raising the birds, the farmers raising the grain, and the processors who both partner with these folks. If any one of those legs were to come off the stool, the economy would collapse.

As of 2018, we have more than 1,300 family farmers that contract with five processing companies: Allen Harim, Amick Farms, Mountaire Farms, Perdue Farms, and Tyson. This may be unique to other areas of the country that produce chicken—our growers have various growers or processors, and they also have various production types. In 2018, these family farmers earned \$268 million in contract income. The five processors in Delmarva purchase more than 136 million bushels of corn, soybeans, and wheat to feed the chickens, which was mainly grown on the peninsula. As a matter of fact, our grain farmers receive a premium due to the proximity to the chicken industry, and it is the reason why my father, a small grain farmer, tilling only 325 acres, is able to be profitable.

And we needed all of that feed for our Delmarva farmers, because we raised over 605 million chickens in 2018, which equated to about 4.3 billion pounds of chicken, or \$3.4 billion wholesale value. While the number of chickens raised on the Delmarva is about the same as it was 20 years ago, the weights have increased by almost 36 percent due to different efficiencies, genetics, and increased technology within the chicken houses.

Most importantly, this industry brings jobs to the Delmarva. The five companies alone employ more than 20,000 people and paid \$784 million in wages. In an area with limited industries, this is very, very important. As a matter of fact, in an economic study, it was estimated that the meat chicken industry generated \$2.98 billion, \$1.75 billion, and \$1.33 billion in total economic activity in Delaware, the Eastern Shore of Maryland, and the Eastern Shore of Virginia respectively. That also generated millions in state and local tax revenues.

Turning to national numbers, according to that same study, the chicken industry added economic value of \$347 billion, created millions of jobs nationwide, and generated nearly \$27 billion in state and Federal taxes. This was accomplished by about 30 processors that contract with 25,000 family farmers and raised over nine billion chickens, weighing in at 56.8 billion pounds of meat. The U.S. has the largest meat chicken industry in the world.

I am not an economist, so I won't try to forecast, but there are some basic factors that play into the growth or decline of any business, namely supply and demand. Domestically, demand continues to increase with Americans consuming more than 98.3 pounds of chicken per capita in 2018. However, in the past year, there has also been an increase of animal protein supply on the domestic market. While that market pressure has occurred, the chicken industry was also in the middle of nationwide expansion, with six new poultry processing plants expected to be operational by 2020.

This has also spurred an increase in the demand for additional houses, which we have had as well on the Delmarva Peninsula. In the past year, between the increase of new housing and some market pressures, we have had a tightening of profit margins for both our processors and our family farmers.

Due to our proximity to the Mid-Atlantic region, a lot of our chicken industry is fresh market. However, the U.S. exported about 17 percent of its chicken production in 2017, or 7 billion pounds of chicken meat. Mexico and Canada are our top two export markets, with a combined value over \$850 million. The passage of USMCA is absolutely critical to the chicken industry, and we call on Congress to vote on this agreement as soon as possible.

Just like any business, increased market opportunities through free trade agreements will only help the economy of the chicken industry.

I appreciate the opportunity to provide this testimony, and I am happy to answer any questions.

[The prepared statement of Ms. Porter follows:]

PREPARED STATEMENT OF HOLLY PORTER, EXECUTIVE DIRECTOR, DELMARVA POULTRY INDUSTRY, INC., GEORGETOWN, DE

Good morning, and thank you Chairman Costa, Ranking Member Rouzer, and Members of the Subcommittee. I am Holly Porter, the Executive Director of the Delmarva Poultry Industry, Inc, also known as DPI, the 1,700-member trade association that represents the family farmers, processors and allied businesses within Delaware, the Eastern Shore of Maryland and the Eastern Shore of Virginia, otherwise known as the Delmarva Peninsula.

It is a pleasure to be here today representing the meat chicken industry, an industry that started on the Delmarva nearly 100 years ago when Cecil Steele a farmer in Ocean View, Delaware received 500 chicks instead of the 50 that she ordered for eggs. She decided to raise the birds and sell them to a northern market—she made 62¢ a pound—which would be \$5–\$6 today, ordered 1,000 chicks for the next flock and the rest is history.

Today on Delmarva our agricultural economy is built on what we refer to as the three-legged stool—the family farmers raising the birds and the grain for feed, and the processors who they both partner with. If any one of those legs were to come off the stool, the economy would collapse. As of 2018, we have more than 1,300 individual family farmers that contract with five companies to handle the poultry health, processing and marketing, also known as the vertically integrated system. Those five companies are Allen Harim, Amick Farms, Mountaire Farms, Perdue Farms and Tyson. This may be unique to other areas of the country that produce chicken—our growers have various options of not only processors but also production type—from raising Cornish hens (really small birds), broilers, roasters or even organic, depending on the company's market and niche. In 2018, these family farmers earned \$268 million in contract income, an increase of 5% from the previous year.

The five processors on Delmarva purchased more than 136 million bushels of corn, soybeans and wheat for feed for chickens in 2018—most of which was grown on the peninsula. As a matter of fact, our grain farmers enjoy a premium for their commodity due to the proximity to the chicken industry. It's one of the reasons why my father, a small grain farmer tilling only 325 acres and others like him can still be profitable.

And we needed all that feed as our Delmarva farmers raised 605 million chickens in 2018, that equated to 4.3 billion pounds of chicken processed by the companies, generating \$3.4 billion in wholesale value. While the number of chickens raised on Delmarva is approximately the same as 20 years ago, the pounds have increased by more than 36%, due to efficiencies in feed, better genetics and increased technology within the chicken houses allowing for a better environment to raise healthy birds.

Another crucial aspect of the broiler industry on Delmarva is the amount of job opportunities it generates. The five companies alone employed more than 20,000 people across the Delmarva and paid \$784 million in wages. In an area with limited

industries, these jobs are important for fueling the local economy. In the *2018 Economic Impact Study of the Poultry Industry*, conducted by John Dunham and Associates, it was estimated that the meat chicken industry generated \$2.98 billion, \$1.75 billion and \$1.33 billion in total economic activity in Delaware, the Eastern Shore of Maryland and the Eastern Shore of Virginia, respectively. This also generated tax revenues of \$74.87 million, \$112.8 million and \$294.17 million in state and local taxes, respectively.

I've focused on the economics within the Delmarva peninsula, but let me talk a minute about some nationwide statistics. According to the same *2018 Economic Impact Study of the Poultry Industry*, there was a nationwide economic value of \$347 billion, creating nearly 1.4 million indirect jobs and generating nearly \$27 billion in state and Federal taxes.

According to the National Chicken Council, this was accomplished through 30 chicken companies that are processing and marketing chickens and 25,000 family farmers who partner with those processors. They raised more than nine billion chickens, weighing in at 56.8 billion pounds of meat. With those numbers it is no surprise that the United States has the largest broiler chicken industry in the world. And while I'm proud to say that Sussex County, Delaware leads the United States in the number of chickens produced in one county, the top five broiler chicken states are actually Georgia, Alabama, Arkansas, North Carolina and Mississippi.

I am not an economist, so I won't try to forecast the chicken industry. But there are many basic factors that play into the growth or decline of any business—namely supply and demand.

Domestically, demand continues to increase, with Americans consuming more than 93.8 pounds of chicken per capita in 2018—an increase of 11% over the past 10 years. However, in the past year there has also been an increase of animal protein supply on the domestic market, encouraging consumers to choose other meats—such as steak, pork or seafood.

While that market pressure has occurred, the chicken industry was in the middle of nationwide expansion, with six new poultry processing plants expected to be operational by 2020. This has also increased the demand for additional square footage of poultry houses.

The same expansion of new chicken houses has occurred on the Delmarva peninsula. If you recall, I mentioned that the industry has been in place for almost 100 years in our area. In 2018, DPI gathered a sample of ½ of the operating chicken houses on the peninsula and 26% were 31 years or older. Like any building, there is only so many upgrades that can be made before the houses are not efficient. In the past year, the increase of new housing along with market pressures has caused some tightening of profit margins for both our companies and our growers.

Due to the proximity of the Delmarva region to millions of people in the Mid-Atlantic and Northeast, our production is mainly for fresh market or tray packed. However, several of the companies processing on Delmarva export dark meat and chicken paws and overall the United States exported about 17% of its production in 2018 or 7 billion pounds of chicken meat. This makes us second in broiler exports worldwide behind Brazil. Mexico and Canada are our top two export markets, with a combined value of over \$850 million in 2018. The passage of U.S.-Mexico-Canada Agreement (USMCA) is absolutely critical to the chicken industry not only in protecting the current market place but growing it. We call on Congress to vote on USMCA as soon as possible.

Just like any business, increased market opportunities through free trade agreements, will only help the economy of the chicken industry.

I appreciate the opportunity to provide this testimony and I am happy to answer any questions you may have.

The CHAIRMAN. Well, thank you very much, Ms. Porter, and I believe that there will be a number of questions directed toward you as it relates to the impacts on the trade and sourcing.

Our next witness is Mr. David Will, General Manager, Chino Valley Ranchers, Colton, California, on behalf of egg farmers in California, and Pacific Egg and Poultry Association, that are joined with the United Egg Producers.

Mr. Will, we look forward to hearing your testimony.

**STATEMENT OF DAVID WILL, GENERAL MANAGER, CHINO VALLEY RANCHERS; CO-CHAIR, ORGANIC COMMITTEE, UNITED EGG PRODUCERS, COLTON, CA; ON BEHALF OF PACIFIC EGG AND POULTRY ASSOCIATION**

Mr. WILL. Thank you, and good morning Chairman Costa, Ranking Member Rouzer, and the distinguished Members of this Subcommittee. My name is David Will, and since 2001, I have been the General Manager of Chino Valley Ranchers, a second and third generation family owned and operated business with five farms in southern California, one in Texas. Chino Valley Ranchers employs 330 people company-wide, and also sources eggs from about 150 family-owned and operated farms in seven additional states. In addition to representing farms in California, I am honored here today to speak on behalf of the Pacific Egg and Poultry Association, as well as the United Egg Producers, whose members account for about 90 percent of all eggs produced in the United States.

This Subcommittee will recall the devastation that egg farmers and other poultry producers endured in the Highly-Pathogenic Avian Influenza outbreaks of 2014 and 2015. This catastrophe cost taxpayers around \$1 billion, but the economic impact to the affected producers, their workers, and local communities was substantially more than that.

More recently, my State of California has suffered the effects of Virulent Newcastle Disease. We hope that we are at the end of this outbreak, which has an impact to more than 1.2 million head of poultry in three states.

There are several lessons that we have learned from these and other disease outbreaks. Biosecurity is all important. Our industry has already had extreme biosecurity, but we have had to double down since the high-path AI outbreaks. Unfortunately, as California experienced with vND has shown, biosecurity can be undermined by backyard poultry flocks located near commercial operations. During the outbreak, it has not been uncommon to find 20 or more positive backyard flocks within a kilometer of a commercial producer. In addition, our ability to combat vND was compromised by social media networks that warned of the approach of enforcement officials, and encouraged people to move or hide potentially infected birds. More broadly, we have a continuing problem with trespassers, often animal activists, who break into our operations and sometimes remove birds, compromising the biosecurity of the remaining flock, and possibly forcing euthanasia to decrease the spread.

Fortunately, Congress has recognized the need for joint efforts. We commend Congress, and in particular, this Subcommittee, for the mandatory funding provided to animal health in the 2018 Farm Bill. We, along with our colleagues in animal agriculture, strongly support the new Animal Disease Prevention and Management Program. We support all three of its components. We do want to emphasize that the Pest and Disease Prevention Program included in the cooperative agreement with states should not be shortchanged. The vaccine bank is important, but not the only part of the new program. The prevention program, as well as animal health laboratories, are critical components as well. Actually, in our own vND experience is this great illustration. What we needed was not vac-

cines, but boots-on-the-ground. A fast response team that included both USDA and California Department of Food and Agriculture.

In the area of avian health, everyone agrees that Highly-Pathogenic AI should be prevented, but if an outbreak occurs despite our best efforts, emergency funds under the Commodity Credit Corporation are an appropriate response. We also believe that USDA should use CCC funds for indemnity, virus elimination, and other costs of Low-Pathogenic AI outbreaks.

History shows us that low-path can and does mutate into high-path. For that reason, stamping out the disease when it occurs is extremely important and justifies the use of CCC funds. And similarly, USDA has used CCC funds to respond to vND in California and other states. We commend the Department for tapping those funds, and encourage the aggressive response.

Early detection is key. Finally, we support the establishment of objective and equitable payment rates of the costs involved in animal disease outbreaks. In particular, we have serious concerns about USDA's proposal for payment rates for virus elimination; that is, the cost of ensuring that avian influenza virus is completely eliminated from an affected egg farm. We have shown in detailed comments that USDA has unrealistic and outdated numbers in these calculations. Similarly, we have encouraged USDA to review how it calculates indemnities are paid to affected producers for the value of their lost production. We believe that costs in leaving facilities idle for an extended period of time after an outbreak, which is often required by USDA, should be taken into account, in addition to the region where the eggs are produced.

Finally, I would like to say that this Subcommittee is focusing on animal health, but the Subcommittee is well aware that producers face numerous other challenges. I was particularly happy to hear you, Representative Costa, say that we do need year-round labor. We are not a seasonal group or commodity, and we appreciate the comments.

Again, I am available for any questions, and thank the Committee and my other ag members here for being available for this. Thank you.

[The prepared statement of Mr. Will follows:]

PREPARED STATEMENT OF DAVID WILL, GENERAL MANAGER, CHINO VALLEY RANCHERS; CO-CHAIR, ORGANIC COMMITTEE, UNITED EGG PRODUCERS, COLTON, CA; ON BEHALF OF PACIFIC EGG AND POULTRY ASSOCIATION

Chairman Costa, Ranking Member Rouzer, and distinguished Members of the Subcommittee: My name is David Will and since 2001 I have been the general manager of Chino Valley Ranchers, a third-generation family owned and operated business with five farms in southern California. Chino Valley Ranchers employs 330 people and also sources eggs from over 150 family farms in seven other states. In addition to representing egg farms in California, I'm honored today to speak on behalf of the Pacific Egg and Poultry Association as well as United Egg Producers, whose members account for about 90 percent of all eggs produced in the United States.

The egg industry appreciates the Subcommittee's invitation to testify. We are honored to be here with other commodity groups representing animal agriculture. All of us face multiple challenges, but the biggest challenges come from sources we can't see: animal health threats such as avian influenza and virulent Newcastle Disease.

This Subcommittee will recall the devastation that egg farmers and other poultry producers endured in the highly pathogenic avian influenza outbreaks of 2014 and 2015. This catastrophe cost taxpayers around \$1 billion, but the economic impact

on affected producers, their workers and local communities was substantially more than that, according to independent estimates. More recently, my State of California has suffered the effects of virulent Newcastle disease. We hope we are at the end of that outbreak, which had an impact on more than 1.2 million head of poultry in three states. There are several lessons to be learned from these and other disease outbreaks.

First, biosecurity is all-important. Our industry already had extremely tight biosecurity, but we have doubled down since the HPAI outbreaks. Unfortunately, as California's experience with vND has shown, biosecurity can be undermined by backyard poultry flocks located near commercial operations. During the outbreak, it has not been uncommon to find 20 or more positive backyard flocks within a kilometer of commercial producers. In addition, our ability to combat vND was compromised by social media networks that warned of the approach of enforcement officials and encouraged people to move or hide potentially affected birds. More broadly, we have continuing problems with trespassers, often animal activists, who break into our operations and sometimes remove birds, compromising the biosecurity of the remaining flock and sometimes requiring euthanasia to prevent disease spread.

Second, the impact of disease outbreaks is not only the losses to affected producers, but the trade impacts that are often felt by entire industries. USDA has done a great job of encouraging our trading partners to regionalize their response to outbreaks, meaning they restrict only imports from regions directly affected by the disease. But not all trading partners respect these science-based practices, and trade suffers as a result.

Third, both response and—most important—prevention require a joint effort by the private- and public-sectors. Our industry learned many lessons from the HPAI outbreak, but so did our Federal and state partners. I think they would acknowledge they are better prepared now than they were then.

Fortunately, Congress has recognized the need for joint efforts. We commend Congress, and in particular this Subcommittee, for the mandatory funding provided to animal health in the 2018 Farm Bill. We along with our colleagues in animal agriculture strongly supported the new Animal Disease Prevention and Management Program. We support all three of its components. We do want to emphasize that the pest and disease prevention program, including its cooperative agreements with states, should not be short-changed. The vaccine bank is important, but it is not the only part of the new program. The prevention program as well as animal health laboratories are critical components as well. Actually, our vND experience is a good illustration. What was needed there was not vaccine but boots-on-the-ground—a fast response team that included both USDA and the California Department of Food and Agriculture.

In the area of avian health, everyone agrees that Highly-Pathogenic AI should be prevented, but if outbreaks occur despite our best efforts, emergency funds under the Commodity Credit Corporation are an appropriate response. We also believe that USDA should use CCC funds for indemnities, virus elimination and other costs of Low-Pathogenic AI outbreaks. History shows us that LPAI can and does mutate into HPAI. For that reason, stamping out the disease when it occurs is extremely important, and justifies the use of CCC funds.

In a similar way, USDA has used CCC funds to respond to vND in California and other states. We commend the department for tapping those funds, and encourage USDA to continue its aggressive response to this disease in partnership with industry and state officials. Early detection is key. We need to keep the dialogue open between the show bird community and commercial producers.

Finally, we support the establishment of objective and equitable payment rates for the costs involved in animal disease outbreaks. In particular, we have had serious concerns about USDA's proposals for payment rates for virus elimination, that is, the costs of ensuring that an avian influenza virus is completely eliminated from an affected egg farm. We've shown in detailed comments that USDA has used unrealistic and outdated numbers in these calculations. Similarly, we have also encouraged USDA to review how it calculates indemnities that are paid to affected producers for the value of their lost production. We believe the cost of leaving facilities idle for an extended period of time after an outbreak, which is often required by USDA, should be taken into account in calculating indemnities. The type of eggs and the regions where they are produced should also be taken into account where they have different market values.

None of this takes away from the high regard in which we hold USDA's animal health efforts. We work in partnership with APHIS as well as state agencies, and we find them highly professional and genuinely concerned about farm families, their employees, animal welfare and the impact on local communities.

Although today's hearing has a focus on animal health, the Subcommittee is well aware that producers face numerous other challenges. While I realize that immigration is not generally within your jurisdiction, I could not appear before you without stressing the need for an immigration policy that allows us to have a stable, reliable and legal labor force. Current guestworker laws focus on seasonal employment, whereas we need to care for our birds 365 days of the year. We appreciate the efforts of many Members to address the labor needs of animal agriculture.

Thank you again for the opportunity to appear before you today.

The CHAIRMAN. Thank you for your testimony, and staying within the time limit.

We have been joined by the Chairman of the House Agriculture Committee, and always pleased to have him participate. And we will now go on to our fourth witness, Mrs. Kelley Sullivan Georgiades, Owner and Operator of Santa Rosa Ranch in Crockett, Texas, on behalf of the Texas and Southwestern Cattle Raisers Association.

Mrs. GEORGIADES. Thank you, Mr. Chairman.

The CHAIRMAN. The floor is yours.

**STATEMENT OF KELLEY SULLIVAN GEORGIADES, OWNER AND OPERATOR, SANTA ROSA RANCH; MEMBER, BOARD OF DIRECTORS, TEXAS AND SOUTHWESTERN CATTLE RAISERS ASSOCIATION, CROCKETT, TX**

Mrs. GEORGIADES. Thank you. Good morning, Mr. Chairman, and distinguished Members of the Committee. My name is Kelley Sullivan Georgiades, and I am a fourth-generation cattle producer from Crockett and Navasota, Texas, where I own and operate Santa Rosa Ranch, the largest registered breeder of Brangus and ultra-black cattle in the United States.

I am here today on behalf of the 142 year old Texas and Southwestern Cattle Raisers Association to share our opinion on the current state of the cattle industry, and our most pressing challenges for the future.

Our nation is home to 94.8 million head of cattle. My home State of Texas has 13 million, more than any other state, and almost double the number of the next closest state.

The beef we produce not only provides Americans with a high quality, safe, and nutrient dense form of protein, but the Texas cattle industry is also the leading contributor to the states' agricultural economy, with annual sales in excess of \$12 billion, nearly  $\frac{1}{2}$  of the total for all commodities in the state.

Though the cattle industry is robust and resilient, it is certainly not without its challenges. I would encourage the Members of this Committee to pursue policies that help address these challenges, and secure a strong future for our nation's cattle producers.

Chief among these issues is trade. For cattle producers, maintaining and building demand for the U.S. beef products is essential. The simple fact is that 96 percent of the world's consumers live outside of the United States. These customers have become a necessary part of our industry, and in 2018, we sold more than \$8.3 billion worth of U.S. beef products abroad.

Foreign consumers often demand cuts that are not highly sought after in the domestic market. If you go to a steakhouse in the United States, it is doubtful that you find beef tongue listed among the ribeyes and other top beef cuts. Yet, in those countries who are

our largest export markets, such as Japan, South Korea, Mexico, Canada, and Hong Kong, beef tongue and other varietal cuts are a delicacy and fetch a premium price. That premium and the additional demand from foreign consumers increases the value of each animal sold in the United States by almost \$300 per animal. We would like to see that value increase, because for many cattle producers, that \$300 per animal may already be the difference between being a successful business and bankruptcy. It cannot shrink. We are a low-margin industry.

The most important thing this Congress can do for American ranchers is to approve the U.S.-Mexico-Canada trade agreement, USMCA. Mexico and Canada combined buy \$2 billion worth of U.S. beef products every single year, and that is nearly  $\frac{1}{4}$  of all U.S. beef exports each year, and actually accounts for \$69 of that \$300 worth of value realized by U.S. producers as a result of trade. USMCA keeps the good aspects of NAFTA, unrestricted, duty-free access for U.S. beef and cattle, and does not attempt to incorporate failed policies from the past, like mandatory country-of-origin labeling. Failure to maintain free trade with Mexico and Canada would be devastating to cattle producers, and it has only left other trade breakthroughs pending.

The wait and see concern is particularly true with Japan, where U.S. beef faces a 38.5 percent tariff. Though Japan is still our number one destination for U.S. beef, the lower tariffs available to countries like Australia may soon begin to hamper our growth in Japan if we don't act quickly. We have already seen the moderating of export totals in Japan, in spite of their increase of demand in the nation.

I implore the Members of this body and the entire U.S. Congress to do two things on trade, moving forward. First, reject calls for failed policy of the past like M-COOL. Second, quickly ratify USMCA on behalf of America's ranchers and beef producers.

While trade is our singular focus at the moment, there are many other concerns in this industry that I, and others from the TSCRA and the industry, will continue to discuss. Those range from the fake meat movement to the accurate portrayal of sustainability in ranching and needed regulatory reforms.

Finally, I would be remiss if I didn't conclude by thanking this body for your work on behalf of America's cattle producers. That is especially evident in your work on the 2018 Farm Bill, which maintains a strong conservation title and provides funding for a more robust U.S. only foot-and-mouth disease vaccine bank. Thank you for those two vitally important components and your continued attention to their implementation. Again, I appreciate your time and your invitation, and I look forward to your questions.

[The prepared statement of Mrs. Georgiades follows:]

PREPARED STATEMENT OF KELLEY SULLIVAN GEORGIADES, OWNER AND OPERATOR,  
SANTA ROSA RANCH; MEMBER, BOARD OF DIRECTORS, TEXAS AND SOUTHWESTERN  
CATTLE RAISERS ASSOCIATION, CROCKETT, TX

Good morning, Mr. Chairman and distinguished Members of the Committee. My name is Kelley Sullivan Georgiades, and I am a fourth generation cattle producer from Crockett and Navasota, Texas, where I own and operate Santa Rosa Ranch.

I am here today on behalf of the 142 year old Texas and Southwestern Cattle Raisers Association to share our opinion on the current state of the cattle industry and our most pressing challenges for the future.

Our nation is home to 94.8 million head of cattle. My home State of Texas has 13 million, more than any other state and almost double the number of the next closest.

The beef we produce not only provides Americans with a high-quality, safe and nutrient-dense form of protein, but the Texas cattle industry is also the leading contributor to the state's agricultural economy with annual sales in excess of \$12 billion, nearly  $\frac{1}{2}$  (49%) of the total for all commodities.

Though the cattle industry is robust and resilient, it is certainly not without its challenges.

I would encourage the Members of this Committee to pursue policies that help address these challenges and secure a strong future for our nations cattle producers.

Chief among these issues is trade.

For cattle producers, maintaining and building demand for U.S. beef products is essential. The simple fact is that 96% of the world's consumers live outside of the United States. These customers have become a necessary part of the industry. In 2018 we sold more than \$8.3 billion in U.S. beef products abroad.

Foreign consumers often demand cuts that are not highly sought after in the domestic market. If you go to a steakhouse in the United States, it is doubtful that you will find beef tongue listed among the ribeyes and other top beef cuts. Yet, in those countries who are our largest export markets, such as Japan, South Korea, Mexico, Canada and Hong Kong, beef tongue and other beef varietal cuts are a delicacy and fetch a premium price.

That premium and the additional demand from foreign consumers increases the value of each animal sold in the U.S. by almost \$300 per animal.

We would like to see that value increase because, for many cattle producers, that \$300 per animal may already be the difference between a successful business and bankruptcy. It cannot shrink. We are a low-margin industry.

The most important thing this Congress can do for American ranchers is to approve the U.S.-Mexico-Canada trade agreement (USMCA).

Mexico and Canada, combined, buy \$2 billion in U.S. beef products every single year. That's nearly  $\frac{1}{4}$  of all U.S. beef exports each year and accounts for \$69 of those \$300 realized by U.S. producers as a result of trade.

USMCA keeps the good aspects of NAFTA—unrestricted, duty-free access for U.S. beef and cattle—and does not attempt to incorporate failed policies from the past, like mandatory country-of-origin labeling.

Failure to maintain free trade with Mexico and Canada would be devastating to cattle producers, and it has also left other trade breakthroughs pending.

The "wait and see" concern is particularly true with Japan, where U.S. beef faces a 38.5% tariff. Though Japan is still the number one destination for U.S. beef, the lower tariffs available to countries like Australia may soon begin to hamper our growth in Japan if we don't act quickly. We have already seen the moderating of export totals to Japan, in spite of their increase in beef demand as a nation.

I implore the Members of this body and the entire U.S. Congress to do two things on trade moving forward.

1. Reject calls for failed policies of the past, like M-COOL.
2. Quickly ratify USMCA on behalf of America's ranchers and beef producers.

While trade is our singular focus at the moment, there are many other concerns in our industry that I and others from TSCRA and the industry will continue to discuss. Those range from the "fake meat movement" to the accurate portrayal of sustainability in ranching and needed regulatory reforms.

Finally, I would be remiss if I didn't conclude by thanking this body for your work on behalf of America's cattle producers. That is especially evident in your work on the 2018 Farm Bill, which maintains a strong conservation title and provides funding for a more robust U.S. only Foot-and-Mouth Disease vaccine bank. Thank you for those two vitally important components and your continued attention to their implementation.

Thank you, and I look forward to your questions.

**The CHAIRMAN.** Thank you very much. I appreciated your points that you made, and I am certain that we will get back to those as it relates to the questions that Members will be wanting to ask.

We will now get to the last two witnesses, and Mr. Steven Salomon, a witness of Congressman Conaway's from San Angelo, Texas,

representing the Texas Sheep and Goat Raisers Association of Texas. Mr. Salmon, you are first.

**STATEMENT OF STEPHEN J. SALMON, RANCHER; MEMBER, AMERICAN SHEEP INDUSTRY ASSOCIATION; DIRECTOR, TEXAS SHEEP AND GOAT RAISERS' ASSOCIATION, SAN ANGELO, TX**

Mr. SALMON. Good morning, Chairman Costa, Ranking Member Rouzer, Members of the Committee. Thank you for the opportunity to speak with you today. I am Stephen Salmon from central west Texas, a member of the American Sheep Industry Association, the Director of Texas Sheep and Goat Raisers Association, and a third-generation rancher, raising sheep in west Texas. I am here today to represent the nation's 100,000 sheep producers.

The trade dispute with China has made a big impact on our ability to market fiber, with tariffs severely hindering trade with our largest export market. Since the implementation of tariffs, we have seen raw wool exports drop by 85 percent in 6 months, and sheepskin exports drop nearly 70 percent in value. Once a valuable asset, sheepskins now either have no value or even result in a loss to producers.

As the Administration continues to review and implement ways to aid producers during what we hope is a short-term loss of this valuable market, we ask that sheep producers be included in that conversation.

ASI strongly supports the ratification of the U.S.-Mexico-Canada agreement, and urges Congress to act swiftly. We have seen the benefits of trade, but we have also experienced firsthand the detriments, as over ½ of the lamb consumed in the U.S. is imported.

We support a level playing field, and as the Administration looks to negotiate new agreements with China, the EU, the UK, and others, we urge a cautious approach. Most of these countries directly or indirectly subsidize their producers, which does not happen in the U.S.

About ½ of the domestic sheep spend time grazing on Federal land, including rangelands managed by the Forest Service. Over the years, the Forest Service has systematically removed grazing allotments and sheep producers from Federal lands in the name of bighorn sheep management, despite existing reasonable, science-based solutions to accommodate both domestic sheep grazing while protecting the health of the bighorn sheep. As such, we urge Congress to ensure true multiple use of our nation's Federal lands.

As Congress prepares to reauthorize mandatory price reporting, current confidentiality rules restrict the information available, hindering the lamb price insurance products that rely on USDA price reporting information. We believe issues of confidentiality need to be resolved sooner, rather than later.

We strongly support the Minor Use Animal Drug Program. We urge USDA to make funds available under Section 12101 of the 2018 Farm Bill to ensure sheep producers have access to critical technologies, many of which are successfully used by our international competition, but not labeled for use in the United States.

Coyotes, mountain lions, wolves, and bears kill thousands of lambs and calves each year. These losses can cost ranchers and

producers more than \$232 million annually. Every dollar spent on predation management returns \$3 in livestock value. Predator management also supports abundant wildlife, hunting, and other recreation activities. We applaud Congressional efforts to ensure USDA Wildlife Services has the resources needed to carry out livestock protection efforts.

The domestic sheep industry relies heavily on the work of ARS' U.S. Sheep Experiment Station, and the Animal Disease Research Unit. The work carried out by ARS researchers and faculty is critical to our ability to remain productive and push back against flawed science. Likewise, continued support for the National Scrapie Eradication Program must remain a priority.

Finally, sheep herd ranchers depend on the H-2A Sheep Herder Program to care for more than  $\frac{1}{3}$  of the ewes and lambs in the United States. A workable guestworker program, including special procedures for herding, is essential now and in any future legislation.

Thank you for your support of the livestock industry, allowing me to visit with you about our priorities. I look forward to answering any questions you may have.

[The prepared statement of Mr. Salmon follows:]

PREPARED STATEMENT OF STEPHEN J. SALMON, RANCHER; MEMBER, AMERICAN SHEEP INDUSTRY ASSOCIATION; DIRECTOR, TEXAS SHEEP AND GOAT RAISERS' ASSOCIATION, SAN ANGELO, TX

### **Introduction**

Chairman Costa, Ranking Member Rouzer, and Members of the Subcommittee, thank you for the opportunity to speak with you today. I am Stephen Salmon, from central west Texas, a member of the American Sheep Industry Association (ASI), and a director of the Texas Sheep and Goat Raisers' Association. I have been involved with both organizations for over 20 years. I am here today to represent the nation's 100,000 sheep producers. America's sheep producers continue a strong tradition of supporting wildlife habitat, natural resources, and open space across the country—all enabled by careful resource management while grazing our flocks on private and Federal lands. Our members support rural communities, the tax base, and local businesses providing safe domestic lamb and wool. In fact, the economic impact of sheep and wool production on our nation's economy is immense. From on the farm and ranch to the retail level, the sheep industry has a total retail impact in excess of \$2.7 billion and supports nearly 98,000 sheep-industry related jobs.

I am a third-generation rancher raising sheep, goats and cattle. Our operation is located north of San Angelo, in a semi-arid region of Texas, where we typically receive 16–20" of rain per year. This year has been exceptional for our operation, with rain events that have filled lakes and streams that have been dry for many years. Like everyone here we understand the cyclical nature of agriculture and the markets and for that reason we strongly support agricultural research, price discovery and effective predator control. We also market sheep, goats, lambs, wool and mohair. For our us the trade dispute with China has made a big impact on our ability to market fiber with tariffs severely hindering trade with our largest export market.

### **Trade**

Continued strength in the international marketing of lamb and wool requires a commitment to the promotion and export of U.S. wool to export markets through strong USDA Foreign Agricultural Service (FAS) Program funding.

ASI is the cooperator with the FAS for American wool and sheepskins and finds success every year in securing customers with the Market Access Program, the Foreign Market Development Program, and the Quality Samples Program. In 2001, ASI relaunched an export program for wool and significantly improved the competition of American wool. We now export 50 percent of American wool, on average, and have at least doubled the number of U.S. firms that offer wool to overseas markets.

ASI strongly supports the ratification of the United States Mexico Canada Agreement and urges Congress to act swiftly. We have seen the benefits of trade and have

made major progress first with the reopening of Taiwan and most recently with the reopening of Japan to American lamb. But we have also experienced first-hand the detriments of trade as over half of the lamb consumed in the U.S. is imported. The vast amount of imported lamb distorts traditional market signals to producers for expansion and muddies price discovery. We support fair trade on a level playing field, and as the Administration looks to negotiate future agreements with China, the European Union, the United Kingdom and others; we urge a cautious approach. We do not currently enjoy the ability to export U.S. lamb to many of these countries and most enjoy the benefit of direct or indirect subsidies to their sheep industry. Again, we welcome the opportunity to compete, but we can only compete on a level playing field.

The current trade disruption with China has been tremendously challenging for our U.S. wool exports. Prior to the implementation of tariffs, 72 percent of U.S. raw wool exports and 80 percent of U.S. sheep skins were sent to China. Since the implementation of tariffs, we have seen raw wool exports drop by 85 percent and sheep skin exports drop by nearly 70 percent in value. Once a valuable asset, sheep skins now have either no value or even result in a loss to producers at the processing level. As the Administration continues to review and implement ways to aid producers during what we hope is a short-term loss of this valuable market, we ask that wool and sheep skin producers be included in the conversation.

#### **Bighorn Sheep in Domestic Sheep Grazing Allotments**

Nationally, about  $\frac{1}{2}$  of all domestic sheep spend time grazing on Federal lands, including rangelands managed by the U.S. Forest Service (USFS). Over the years, the USFS has been systematically removing domestic sheep ranchers from Federal lands in the name of bighorn sheep management, despite the fact that there are reasonable, science-based solutions to accommodate domestic sheep grazing while protecting the health of bighorn sheep populations. In mid-2016, the USFS announced that it may close some allotments in the Ashley National Forest and the [Uinta]-Wasatch-Cache National Forest in Summit County, Utah due to bighorn sheep concerns. This is being done without any offer of alternative allotments. In total, three allotments could be closed and a fourth allotment reduced. The ranchers on these allotments have letters from the USFS detailing that when they introduced bighorn sheep to the area, there would not be an impact to the domestic sheep population. There are many examples of these egregious actions.

#### **Mandatory Price Reporting**

In September 2015, the President signed into law the Agriculture Reauthorization Act of 2015 which included an extension of the Livestock Mandatory Reporting Act of 1999 (MPR). Unfortunately for sheep, this reauthorization has not adjusted to changes in the lamb meat industry. Of particular concern is the implementation of current confidentiality rules of the U.S. Department of Agriculture (USDA) which restricts the information available. Additionally, Federal lamb price insurance products available to the sheep industry rely on the USDA price reporting. ASI is in ongoing discussions with USDA and the Agriculture Committees in the House and Senate to resolve this issue as the date for reauthorization nears. Increased consolidation in the packing industry across livestock will continue to hinder producers' access to accurate price reports and we believe issues of confidentiality will need to be resolved sooner rather than later to preserve this program and the risk management tools that rely on it.

#### **FDA Minor Use Animal Drug Program**

It is also critical that producers have continued access to key technologies. We strongly support the Food and Drug Administration (FDA) Minor Use Animal Drug Program and its historic collaboration with USDA's National Institute of Food and Agriculture (NIFA). The targeted use of biologics and pharmaceuticals within a veterinary-client-patient relationship is key to our ability to maintain flock health and provide a safe wholesome product. We urge the creation of a mechanism for NIFA funding for minor use animal drug research through the National Research Support Project No. 7 (NRSP-7). NRSP-7 has an established record with land-grant universities and has demonstrated excellent results for minor use drug research for nearly 40 years. We urge the USDA to make funds available under Section 12101 of the 2018 Farm Bill to ensure sheep producers have access to critical technologies, many of which are currently being used with great success by our international competition, but not labeled for use in the United States.

#### **Wildlife Services**

Coyotes, mountain lions, wolves, and bears kill tens of thousands of lambs and calves each year. Livestock losses attributed to these predators cost ranchers and

producers more than \$232 million annually. For years, ASI has led the aggressive defense of livestock protection by bringing together a diverse coalition of supporters in the areas of aquaculture, aviation, forestry, livestock production, range/forage management, and state departments of agriculture to ensure the programs' survival. Earlier this year, ASI led a coalition of 219 organizations to sign a letter supporting Wildlife Services funding.

Every dollar spent on predation management returns \$3 in livestock value saved. This has a tremendous impact on sheep and cattle producers and the rural economies they support. Predator management also supports abundant wildlife, hunting, and recreation activities on private and Federal land. We applaud Congressional efforts ensuring USDA Wildlife Services is fully funded and has the resources needed to carry out their livestock protection efforts.

We are also keenly aware that existing, highly effective predator control products like sodium cyanide and sodium fluoroacetate (Compound 1080) are under attack and their continued use is threatened. These are the best available products for predator control; highly targeted, species specific, environmentally sound and humane. Despite enhanced guidance from Wildlife Services on the use and placement of these tools and a track record of EPA approval, these products continue to come under attack from Congress. The industry is committed to responding with science, but also a keen eye to find alternatives that respond to the concerns of the public. Developing alternatives that meet or exceed the attributes of current products is a great challenge, and we rely on the work of Wildlife Services Methods Development through the National Wildlife Research Center in Fort Collins, CO. We urge Congress to devote resources to that program for the development of alternatives to ensure U.S. sheep producers remain competitive worldwide.

#### **U.S. Sheep Experiment Station (USSES)**

The domestic sheep industry relies heavily on the work of the U.S. Sheep Experiment Station (USSES) and the Animal Disease Research Unit (ADRU). Both facilities work collaboratively and are critical components of the USDA's Agriculture Research Service. As our nation's only experiment station primarily dedicated to sheep production, the work carried out by these researchers and faculty are critical to our ability to remain productive and push back against flawed science on the range and in the area of animal health. In the past, administrative action has worked to limit the scope of these facilities. Such action not only threatens the viability of this resource for producers, but also threatens the USSES' unparalleled historic sage grouse data. We support the merger of the USSES and ADRU and encourage growth in their roles in food-animal science, rangeland systems, and animal health programs. These stations have a dedicated history of careful use of taxpayer funds to solve issues and challenges for our producers and counter flawed science from those wishing to remove livestock and multiple uses from our nation's public lands. We appreciate USDA's recognition in the role of the USSES as a critical part of our nation's agricultural research system and will continue to work with Congress, stakeholders and collaborators to build that resource.

#### **Scrapie Eradication**

Working collaboratively with USDA/APHIS and state partners, the American Sheep Industry has nearly eliminated scrapie from the United States. Official identification, surveillance, and traceability of both sheep and goats are critical to continuing and maintaining these efforts in order to preserve and enhance current and future export markets. Continued and increased funding of the National Scrapie Eradication Program must remain a priority to expand and build on export opportunities.

#### **H-2A Temporary Agricultural Workers**

The American sheep industry has a decades long history of a reliable, consistent, and legal workforce. Sheep ranchers depend on the H-2A sheepherder program to help care for more than  $\frac{1}{3}$  of the ewes and lambs in the United States. To meet those needs, the industry has largely participated in temporary visa programs (in various forms) since the 1950s. As a result, sheep producers employ a legal labor force with an estimated eight American jobs created/supported by each foreign worker employed.

Increased regulation with ambiguous policies and enforcement have made the H-2A sheepherder program very costly for employers. In the 2015 re-write of the sheepherder provisions, our program now constitutes over half of all pages of regulations governing the entire H-2A program, even though we are only a small percent of total H-2A employees in the United States. A workable temporary foreign labor program is essential for the sheep industry including the special procedures for herding in future legislation involving immigration workers.

### **2018 Farm Bill**

ASI strongly supported the Agricultural Improvement Act of 2018 (2018 Farm Bill) and appreciates the leadership of the House Agriculture Committee. The first and most important national security concern is the ability of a country to clothe and feed its citizens. The small investment made in agriculture by the farm bill when compared to the Federal budget and the safe, affordable, and abundant food supply enjoyed by the U.S. illustrates the wise investment farm bill programs provide.

### **Conclusion**

Thank you for your support of the livestock industry and for allowing me to visit with you about our priorities.

The CHAIRMAN. Well, thank you and we appreciate your testimony.

And we have our last witness, and then we will move on to the questions by Members of the Committee. Mr. David D. Herring of Lillington, North Carolina, representing the National Pork Producers Council. Mr. David D. Herring, please make your presentation.

### **STATEMENT OF DAVID DEE HERRING, VICE PRESIDENT, TDM FARMS/HOG SLAT INC.; PRESIDENT, NATIONAL PORK PRODUCERS COUNCIL, LILLINGTON, NC**

Mr. HERRING. Thank you, Chairman Costa, Ranking Member Rouzer, and Members of the Subcommittee. My name is David Herring. I am a pork producer from Lillington, North Carolina, and President of the National Pork Producers Council.

NPPC is a national association representing the interest of 60,000 U.S. pork producers. The U.S. pork industry is the world's lowest cost producer and the top exporter, annually shipping more than \$6 billion to foreign destinations. However, despite significant growth in the U.S. pork sector, we are facing numerous challenges, both at home and abroad, that if left unaddressed, could pose significant harm to our farms, our communities, and ultimately, consumers.

One of the most damaging threats to the U.S. pork industry has been the punitive tariffs that China and other countries have imposed. Market analysts projected 2018 to be a profitable year for U.S. hog farmers. Unfortunately, restricted market access from trade disputes caused a loss last year to our farmers.

This year, the average hog farmer is making a very small profit through the first 6 months of the year. Those small profits would be much higher, were it not for trade retaliation from China and other markets. The U.S. pork industry had the dubious distinction of being on three retaliation lists over the last year in China and Mexico. While Mexico's tariffs on U.S. pork have been lifted, China's 50 percent retaliatory tariff on top of the existing 12 percent duty on U.S. pork remains. China is the largest producer, consumer, and importer of pork in the world, but at a 62 percent tariff rate, U.S. pork producers are losing \$8 per animal, or \$1 billion on an annualized basis.

There is an unprecedented sales opportunity for U.S. pork producers in China, as it continues to battle the spread of African Swine Fever and experiences a major reduction in its domestic production. Were it not for the retaliatory duties on U.S. pork, we would be in an ideal position to meet China's need for increased

pork imports and single-handedly put a huge dent in the U.S. trade imbalance with China. Instead, this trade opportunity is fueling jobs, profits, and rural development for our competitors. We seek an end to the trade dispute with China.

NPPC is also deeply concerned as we helplessly watch the EU and the CPTPP nations take market share away from us in Japan, our largest value export market. We know the Administration is engaged in trade negotiations with Japan, but those negotiations can't move quickly enough, as far as we are concerned.

Additionally, pork producers are eager to see ratification of the U.S.-Mexico-Canada trade agreement. USMCA agreement preserves zero-tariff pork trade in North America, Canada, and Mexico, and both those markets account for more than 40 percent of all U.S. pork exports, and support 16,000 U.S. jobs. We look forward to Congressional ratification of this agreement.

In addition to trade issues, pork producers are fighting another battle when it comes to preventing the spread of African Swine Fever. The risk of ASF is growing as outbreaks continue in Europe, China, and other parts of Asia. We can all agree that we need to keep this deadly disease out of the USA.

NPPC is requesting appropriations funding for 600 additional U.S. Customs and Border Protection Agricultural Inspectors at our borders, bringing the total number to 3,000.

Implementation of the 2018 Farm Bill as intended by Congress is another foreign animal disease prevention priority for U.S. pork producers. The 2018 Farm Bill includes important funding for development of a foot-and-mouth disease vaccine bank. The U.S. pork industry fought hard to secure funds to buy vaccines to protect animal well-being and farmers' livelihood from the real FMD threat facing the industry today. USDA must utilize these funds provided by Congress to carry out its intent to safeguard the rural economy.

Last, there is a severe shortage of labor in the pork industry, both on the farm and in packing plants, that undermines the industry's commitment to the high standards of animal care. Pork production is a year-round endeavor. Accordingly, the current H-2A visa program does not work for pork farmers, as it only addresses seasonal agriculture sectors. We need visa reform so pig farmers have access to a sustainable supply of labor throughout the year.

Pork is one of the United States' most successful and globally-competitive products, but a handful of obstacles are preventing our farmers from realizing their full potential for their families, consumers, and the American economy. Addressing these challenges will make U.S. hog farmers even more competitive, expand production, fuel job growth, and contribute to rural communities across the country.

Thank you for the opportunity to testify, and I look forward to any questions.

[The prepared statement of Mr. Herring follows:]

PREPARED STATEMENT OF DAVID DEE HERRING, VICE PRESIDENT, TDM FARMS/HOG SLAT INC.; PRESIDENT, NATIONAL PORK PRODUCERS COUNCIL, LILLINGTON, NC

#### **Introduction**

NPPC is a national association representing 42 state producer organizations. It represents the Federal policy and global interests of 60,000 U.S. pork producers.

The U.S. pork industry is a major value-added component of the agricultural economy, and a significant contributor to the overall U.S. economy. In 2018, pork producers marketed about 124 million hogs, and those animals provided total cash receipts of more than \$20 billion. Overall, an estimated \$23 billion of personal income and \$39 billion of gross national product are supported by U.S. pork.

The U.S. pork industry provides 26 billion pounds of safe, wholesome and nutritious meat protein to consumers worldwide. Exports are vital to the livelihoods of America's pork producers. New technologies have been adopted and productivity has been increased to maintain the U.S. pork industry's international competitiveness.

Exports of pork add significantly to the bottom line of each pork producer and support approximately 110,000 jobs in the U.S. pork and allied industries. In 2018, U.S. pork exports totaled 5.3 billion pounds—valued at nearly \$6.4 billion. That represented over 25 percent of U.S. production, and those exports added more than \$51 to the value of each hog marketed with the average price received for a market hog in 2018 being \$141.

However, despite significant growth in the U.S. pork industry, it's facing numerous challenges both domestically and abroad, including a serious labor shortage on U.S. farms, punitive, retaliatory trade tariffs, efforts to combat African Swine Fever and other animal diseases, and ensuring proper oversight over gene-edited livestock.

### **Trade Disputes**

One of the most damaging threats to the U.S. pork industry has been the punitive, retaliatory trade tariffs that China and other countries have imposed. Mostly because of trade agreements, the United States is the leading global exporter of pork. We ship more pork to the 20 countries covered by trade agreements than we do to the rest of the world combined. That's why NPPC has and will continue to devote so much focus to expanding export opportunities.

As a result, U.S. pork is an attractive candidate for trade retaliation. America's pork producers—and many other farmers—are experiencing such reprisal now. After more than a year of trade disputes impacting some of U.S. pork's most important markets, we saw overall exports stagnate. The value of exports dropped one percent in 2018; volume was flat. We have been squarely focused for more than a year on influencing the Administration to end these disputes, and to go on the offensive to negotiate new trade agreements in markets promising major growth opportunities for U.S. pork producers.

The U.S. pork industry had the dubious distinction of being on three retaliation lists over the last year: China and Mexico related to U.S. actions under Section 232 of the Trade Expansion Act of 1962 and China in response to U.S. tariffs imposed under Section 301 of the Trade Act of 1974. While Mexico's tariffs on U.S. pork tariffs have been lifted in response to the U.S. lifting its North American metal tariffs, China's 50% retaliatory tariff on U.S. pork—on top of the existing 12% duty on U.S. pork—remains. China is the largest producer, consumer and importer of pork in the world but, at a 62% tariff rate, U.S. pork producers are losing \$8 per animal, or \$1 billion on an annualized, industry-wide basis because of the punitive tariffs it faces.

China holds more potential than any other market in the world for increased U.S. pork sales. There is an unprecedented sales opportunity for U.S. pork producers in China as that country continues to battle the spread of ASF and experiences a major reduction in domestic production. Were it not for the retaliatory duties on U.S. pork, we would be in an ideal position to meet China's need for increased pork imports and single handedly put a huge dent in the U.S. trade imbalance with China too. Instead, this trade opportunity is fueling jobs, profits, and rural development for our competitors. We seek an end to the trade dispute with China and the restoration of more favorable access to the world's largest pork-consuming nation.

NPPC is also deeply concerned as we helplessly watch the EU and the CPTPP nations take market share away from us in Japan, our largest value export market. We are going to continue to hemorrhage market share unless we quickly get the same market access our competitors have in Japan. We know the Administration is engaged in trade negotiations with Japan, but those negotiations can't move quickly enough as far as we are concerned.

Additionally, pork producers are eager to see ratification of the U.S.-Mexico-Canada (USMCA) trade agreement. The USMCA agreement preserves zero-tariff pork trade in North America. Under the terms of our previous agreement with our North American trading partners, Mexico and Canada became our No. 1 and No. 4 export markets, respectively. In fact, those two countries account for more than 40 percent of all U.S. pork exports, and support 16,000 U.S. jobs. We look forward to Congressional ratification of this agreement.

Meantime, NPPC continues to advocate for Thailand to eliminate its *de facto* ban on U.S. pork, based on unwarranted trade barriers erected to protect its domestic industry and that lack scientific grounding. If Thailand does not open its market to U.S. pork, it should lose its benefits under the U.S. Generalized System of Preferences.

#### **African Swine Fever**

In addition to trade issues, pork producers are fighting another battle when it comes to preventing the spread of African Swine Fever, or ASF. The risk of ASF, an animal disease affecting only pigs and with no human health or food safety risks, is growing as outbreaks continue in Europe, China and other parts of Asia. We can all agree that we need to keep this deadly disease out of the USA. NPPC has been very active in driving awareness of the disease and how to mitigate its risk within the industry.

NPPC has been actively advocating at USDA and with the U.S. Customs and Border Inspection for strengthened biosecurity at our borders. To date, USDA and U.S. Customs and Border Inspection have increased and provided more robust inspections, in addition to working with Canadian and Mexican officials on a North American coordinated approach to ASF defense, response and trade maintenance.

We are encouraged by efforts to date, but more can be done. NPPC is requesting appropriations funding for 600 additional U.S. Customs and Border Protection Agricultural Inspectors at our borders, bringing the total number to 3,000. The most likely path for a foreign animal disease to enter the country would be through the importation of infected animals or contaminated products.

We are also pushing U.S. Customs and Border Protection to work with shipment companies to strengthen safeguards against illegal product shipments and advocating for the maintenance or increase of airline ticket and cargo fees to help fund the increase in inspectors.

#### **Farm Bill Implementation**

Congressional efforts on strengthening our borders to prevent animal disease prevention have been helpful. The 2018 Farm Bill, signed into law in December 2018, contained language championed by NPPC to establish permanent, mandatory funding for animal disease prevention and preparedness efforts. The bill also funds the Market Access Program and the Foreign Market Development Program that support export markets for U.S. farm goods. Animal Disease Prevention and Management provisions include \$150 million of mandatory funding, with Secretary discretion for additional funding across the development of a Foot-and-Mouth Disease (FMD) vaccine bank, the National Animal Disease Preparedness and Response Program and the National Animal Health Laboratory Network.

An FMD vaccine bank is needed to quickly contain and eradicate an outbreak, which would immediately close all export markets to U.S. meat. The U.S. pork industry fought hard to secure funds to buy vaccines to protect animal well-being and farmers' livelihood from the very real FMD threat facing the industry today. The 2018 Farm Bill directed the Secretary to "prioritize the acquisition and maintenance of sufficient quantities of FMD vaccine." The U.S. Department of Agriculture (USDA) must utilize the funds provided by Congress to carry out its intent to help safeguard rural economies and the livestock sector.

NPPC is monitoring USDA's implementation plans closely and will continue to push for this implementation, one that will significantly strengthen our ability to quickly contain an outbreak of FMD which, unlike African Swine Fever (ASF), can be controlled with vaccine.

#### **Labor Shortage**

Another challenge that the U.S. pork industry is facing involves a serious labor shortage that undermines our commitment to the highest standards of animal care. Current visa programs widely used by pork producers are not effectively addressing the issue. Without visa reform to support a sustained, viable workforce for U.S. agriculture, animal welfare is jeopardized, and production costs will increase, leading to higher food prices for consumers. In some cases, a shortage of labor could lead to farms and packing plants shutting down, causing serious financial harm to those operations and their communities. According to a study from Iowa State University researchers, the U.S. pork industry faces a constrained rural labor supply due to an aging native-born workforce and falling birth rates, making access to foreign-born workers a critical matter for the prosperity of rural America. Reform is needed to ensure that one of the most competitive U.S. agriculture sectors can continue to provide safe and affordable pork to consumers worldwide.

NPPC supports visa system reform that provides agricultural employers with sustained access to year-round labor. We support a bipartisan amendment from Reps.

Henry Cuellar of Texas and Dan Newhouse of Washington State that would expand the H-2A program to non-seasonal ag workers. We support reform that establishes a legal and productive workforce, while not unduly burdening employers.

NPPC's focus is on support for H-2A program expansion and to move oversight of this program from the Department of Labor to the USDA, where livestock agriculture's needs are better understood. As currently defined, the H-2A visa program has limitations, since it applies only to seasonal ag workers. NPPC supports legislation that opens the program up to year-round livestock ag workers and is easier to navigate for employers.

#### **Gene Editing**

There is a brewing battle in our scientific laboratories over gene-edited livestock. NPPC recently launched a campaign, "Keep America First in Agriculture," to highlight the need to establish the right regulatory framework for gene-edited livestock, an innovation that promises to strengthen U.S. pork's competitive position globally. Gene editing technology, which introduces useful genetic variation into food animal breeding programs, promises significant animal health benefits, including a natural immunity to disease and a reduction in the need for antibiotic use.

While countries like Canada, Brazil and Argentina are moving quickly to grab a competitive advantage by establishing regulatory structures that support the development of this technology, the U.S. is running the risk of falling far behind as a result of a regulatory land grab by the Food and Drug Administration (FDA). Under FDA regulation, gene editing faces an impractical, lengthy and expensive approval process, threatening hundreds of thousands of jobs and nearly six percent of U.S. Gross Domestic Product. Additionally, the FDA's regulation inaccurately classifies livestock as drugs and farms as drug-manufacturing facilities, creating significant challenges for the international trade in animals and animal products.

That's why NPPC is working aggressively to establish oversight of gene-edited livestock on American farms with the USDA's Animal and Plant Health Inspection Service (APHIS), the agency best prepared to implement a regulatory framework that will allow us to realize gene editing's promise. The launch of our campaign received extensive media coverage and we plan to continue to advocate for policies that allow the U.S. to remain the global leader in agriculture.

#### **Cell-Cultured Protein**

Similar to gene editing, the FDA made a regulatory land grab on cell-cultured protein (CCP) despite the Meat and Poultry Inspection Act, which clearly indicates that CCP—produced from cultured cells taken from pigs and other livestock—should be under the oversight of USDA's [Food] Safety Inspection Service (FSIS). Fortunately, on March 7, 2019, the FDA and USDA's Food Safety Inspection Service signed a formal agreement to regulate CCP on terms that ensures a level playing field.

USDA will have ultimate authority over product names, label claims and processing, while FDA will have oversight of the earlier cell collection and culture phases. It's critical that product names and label claims protect the investments livestock farmers have made to establish a definition of meat protein that is widely understood by consumers. Too many alternative products have been allowed to create consumer confusion at the expense of agriculture.

#### **Proposition 12**

U.S. hog farmers are battling Proposition 12, a California ballot initiative that passed in the 2018 election. It outlaws the sale of pork in California that doesn't meet its arbitrary and unscientific housing standards. Set to go into full effect for pork products on Jan. 1, 2022, it applies these regulatory mandates to not just the small handful of California pork producers, but across the entire pork industry operating outside of California borders. For pigs, Proposition 12 mandates that each sow be provided a minimum of 24<sup>2</sup> of space, far beyond what most group housing systems currently provide. Further, it prohibits the sows—which are pack animals that naturally huddle together—from "touching another animal or the sides of the enclosure." This ballot initiative, funded by anti-livestock agriculture activists, was developed without the input of any experts on raising hogs. Virtually no pork producer nationwide will be able to comply with California's production requirements without undertaking significant financial impacts.

As a result, Proposition 12 will dramatically reduce the supply of wholesome, affordable and nutritious pork available to the state, increasing the costs Californians pay for pork. California, the state with the nation's highest poverty rate, is now set to impose these costs on its most at risk citizens, including more than four million Californians who receive assistance for food purchases and the more than 18 percent of California children who live in poverty.

We need to put a stop to uninformed state mandates like Proposition 12 that impose arbitrary regulations on farms and other businesses outside of their borders.

#### **Summary**

Pork is one of the United States' most successful and competitive products. But, a handful of obstacles are preventing our farmers from realizing their full potential for their families, consumers and the American economy. Addressing these challenges will make U.S. hog farmers even more competitive, expand production, fuel job growth and contribute to rural communities across the country.

The CHAIRMAN. Thank you, and we appreciate the testimony by all the witnesses. Now, we get to the part where we get a chance for Members to ask questions as it relates to areas that are focused not only regionally, but nationwide as it relates to the livestock industry in this country.

Let me begin. Nearly all of you have mentioned the importance of a workable solution to agricultural labor, and many of us have been working with our colleagues on the Judiciary Committee. I go back to comprehensive immigration reform with the Bush Administration and then the Obama Administration. In 2013 I think we came close. We had a bill that came out 68 to 32 out of the Senate, and if it could have come to the House floor, we would have passed it. Unfortunately, that is water under the bridge at this point, and we have struggled since that time to even do smaller limited reform.

Would each of you share the impact if we maintain this continued curve of not fixing this broken labor system that it is going to have on your industry and on your own particular operations? Who would like to start? Yes, Mr. Zimmerman?

Mr. ZIMMERMAN. This has been an ongoing problem, like I mentioned.

The CHAIRMAN. Yes.

Mr. ZIMMERMAN. We mentioned this 3 years ago, and it has only gotten worse. All of our processing plants are short of labor. I can speak on the farm perspective; we are also short of farm laborers. We need a visa program that addresses year-round labor, and we have programs that are seasonal, but our plants operate year-round. The turkey industry is not about Thanksgiving. We are doing this year-round, and we need a visa program that would allow these employees to stay for the entire year.

If we don't have—we have looked into automation—

The CHAIRMAN. Do a lot of your workers—and automation is part of it—but have some members of the family that are here that have legal status and some that are not? In other words, households that are mixed?

Mr. ZIMMERMAN. I am sure that is the case in some areas, yes.

The CHAIRMAN. Yes, and have you had any of the situation with the ICE operations that have requested audits to match W-2 and I-9 efforts within plants and packing operations?

Mr. ZIMMERMAN. I would assume that is correct, but not being a processor, I can't speak to that exactly, no. But I would assume it is correct.

The CHAIRMAN. Anyone else care to comment?

Mr. WILL. We have actually had firsthand relationships with that. We had some employees that had been with us for pre I-9, pre e-verification, a number of years prior to any of those being in place, and their paperwork was determined to be fraudulent. And

while they were not allowed to work for us, nothing happened to them. And right now in this current employment with the joblessness down where it is, it is very hard to get people that can come in and be reliable and work. And we desperately need some sort of program. Again, we are in the same situation. We offer annual, year-round employment at a competitive wage with benefits.

The CHAIRMAN. At a good salary that provides a good living of the people you employ.

Mr. WILL. Yes, it allows a reasonable living standard.

The CHAIRMAN. Yes, and with these current inconsistencies about deportation and activities that have been talked about, what is the mood out there in your communities in terms of the workforce?

Mr. WILL. Well again, we have gone through the e-verify and gone through all of the verification systems. I don't think our employees have that concern.

But just in general, I think it is unsettling in the community.

The CHAIRMAN. We find a lot of—

Mr. WILL. If—family members or not.

The CHAIRMAN. Yes. We find a lot of fear in our area in California for these farm communities because many of them have homes, many of them have been part of the community for 10, 15 years. And the threat of being deported, obviously, has changed the whole dynamic.

Mr. WILL. Exactly.

The CHAIRMAN. Let me switch over. The poultry and egg industries in California employ over 20,000 people. Mr. Will, you and I have talked in the office about direct experiences with Virulent Newcastle Disease a few months ago. Knowing this outbreak and the response we are seeing, what additional Federal support or guidance would you suggest that we consider to protect against future outbreaks?

Mr. WILL. I think the most important thing is that we retain some sort of active book about what we have learned through this outbreak, like we did in the 2003 outbreak. I feel like we kind of started over again with the USDA. At least keep some sort institutional memory of this, and then also keep some sort of monitoring program.

We were very fortunate with this outbreak, catching it very early by actually show birds being taken into a veterinarian's office and detecting it that way, *versus* a commercial producer's breaking.

The CHAIRMAN. To all of you, and I don't know who might want to weigh in. There are two major impacts in American agriculture right now, and that is trade and that is labor. What these trade impacts and these trade tariff wars, which I don't think anyone ultimately wins, how concerned are you about: first, the potential loss of these markets when they are re-sourced by other countries; and second, to what degree is this mitigation that we have come up with helped keep people in business?

Mr. HERRING. Well, I will speak from the pork producers. Trade is a win/win for the pork industry. We have gone from basically 1987 as a net importer of pork to today we export about 25 percent of all the product grown here.

Trade has been huge for our industry, even as we struggle with the labor issues, too. Most of the pork is grown in the Midwestern

states, but there is a lot of pork grown on the eastern part of the country.

The CHAIRMAN. And that is year-round, pretty much?

Mr. HERRING. Year-round, and post-9/11, the legal workers are working in ag, are working in the pork industry, are aging out. We really urge Congress to create some kind of seasonal program that we can have access to workers.

The CHAIRMAN. You are concerned that when we get past these trade wars, we are going to lose those markets?

Mr. HERRING. It takes two parties to consummate a deal into trade, and any time you make one of those parties uneasy, it is hard to get back in. It is very concerning.

The CHAIRMAN. Okay, my time has expired. We will recognize the Ranking Member of the House Agriculture Committee, Mr. Mike Conaway, for any questions or comments he might have.

Mr. CONAWAY. Thank you. Just a quick question for Mr. Salmon.

You talked about China not being a market for your products, sheepskins and lamb and the wool, I think. Could you more specifically address exactly why we can't get access to the Chinese market, and what the potential for the Chinese market might be, should you have full access for U.S. products?

Mr. SALMON. We always have the need for some sort of foreign export to somebody. China has been the leading industry right now, particularly for our fiber products, because we have very little textile industry left in the United States. Without being able to export wool or mohair or lambskin to China, Japan, some of those foreign countries, our products are limited as to what we can do with them.

Mr. CONAWAY. What China does specifically with respect to retaliation? You had—

Mr. SALMON. They increased their tariff side of it, but then they also quit just accepting the imports from us.

Mr. CONAWAY. Based on science—

Mr. SALMON. Based on the tariff war.

Mr. CONAWAY. Okay. Each of you mentioned in your testimony the need to pass USMCA. Is there something specific with respect to what you didn't get to say that you would like to add to the testimony as to why that is important for each of your industries? Does anyone have anything else to add to your testimony as to why we need to get USMCA done quickly?

Mr. HERRING. Well, from the pork producers' side, it makes up about 32 percent of all our exports. They have been a great trading partner for us. And second, when we look at North America as a trading unit with United States, Mexico, and Canada, it is healthy for our partners to the south of us and the north of us to have good economies. It makes all of North America more competitive on a worldwide basis.

Mr. CONAWAY. Your advice to Members of Congress would be to push on the process of asking leadership to get this done?

Mr. HERRING. I wish we could get it done tomorrow.

Mr. CONAWAY. Anybody disagree with that? Kelley Sullivan Georgiades?

Mrs. GEORGIADES. I would not disagree. I am in full agreement. In fact, Congressman Vela, his district in particular is one of the primary beneficiaries of robust trade specifically with Mexico.

It is no question that Texas is a tremendous beneficiary of our relationship with our southern partner. It has been, like I said, prior to the USMCA, the NAFTA was wonderful for the beef industry, and that is why we want to see it ratified to be able to move forward and keep that duty-free access that we have for our beef. We already have agreement from Canada and Mexico to move forward, and again, it would just be robust for us to be able to get this ratified and get this in place. Because once we can do this, then we can begin to continue focusing—and like I mentioned in my testimony, our other trading partners, we are somewhat in limbo because it is kind of a wait and see attitude that our largest trading partners, in particular, Japan, are taking. I mean, we are not members of CPTPP any longer. We are facing a 38½ percent tariff on our beef into Japan, but they are looking at our—kind of our dangling USMCA issue out there, and this will help be able to secure this and move forward so that we can begin to continue fortifying those different agreements that we have with our other trading partners, from a beef perspective.

Mr. CONAWAY. I appreciate that. Anyone else in the minute left?

Then I yield back. Thank you, Mr. Chairman. I appreciate that.

The CHAIRMAN. All right. Our next Member is Congressman TJ Cox from California for 5 minutes of questioning.

Mr. COX. Thank you, Mr. Chairman.

Mr. WILL, during your testimony, you mentioned the challenges faced by yourself and others regarding the outbreak of Virulent Newcastle in California. It is certainly something that you just discussed with Congressman Costa, but as you know, it is something that is having a major impact on the poultry economy in California and has the potential to be a major inhibitor of economic growth if it is not addressed certainly now, and adequately while we have the opportunity to eradicate the disease.

If you wouldn't mind just kind of reiterating some of the points that you made with regard to Federal support or guidance in the future, and with respect to inoculated birds, what could better assist in protecting against outbreaks and spread of the disease?

Mr. WILL. Thank you. Part of it was that the impact of the disease outbreak is not only loss affected producers, but the trade impacts are often felt by the entire industry. USDA has done a great job in encouraging our trading partners to regionalize their response to outbreaks, meaning that they are to restrict only imports from regions directly impacted by the disease, but not all trading partners have respected this science-based practice, and some trade has suffered.

In California currently, we have lost 1.2 million chickens. We have 301 responders on site as of the 10th of July 2019. We have had 470 premises that have been identified as positive, causing 1.24 million birds euthanized. Of those, 123,000 were backyard and 1.1 million were laying hens. They have had 7,530 fallow checks going back to people who have had to be depopulated to make sure that they have stayed quarantined, and they have tested 34,000 birds.

The biggest thing we have learned from this outbreak is early detection is key. Getting people on the ground to go in and to do the depopulations where they have to. We went through, unfortunately, right as it really ramped up, the virus, is when we had the budget shutdown, and one of the toughest things was we were all set, ready to depopulate some infected farms. However, the people were furloughed in USDA who were responsible for issuing all of the equipment necessary to do that work. All it did was it left several hundred thousand birds in the environment, continuing to shed virus for several weeks while we worked through all that paperwork.

The CHAIRMAN. Would the gentleman yield?

Mr. COX. Yes.

The CHAIRMAN. I am just curious in that whole effort, how important was the California Department of Food and Agriculture in working in conjunction with you folks to deal with the eradication program?

Mr. WILL. Well, they were absolutely huge, because at the start when it was first detected back in May of 2018, the CDFA came out and worked and implemented a Food Response Defense Plan for all of our processing plants, all of our farms. They loaned us veterinarians to walk and epidemiologists to walk on our properties to make sure that our defenses were proper, we were using the right chemicals, everything that we could do to minimize and mitigate risk. That early response was probably why we were able to contain it to only five commercial operations in the State of California.

And in addition, they helped us in our processing plants to make sure we didn't spread it. As an industry, we have matured as well, going away from material that could be sent to any farm. Almost all of us now use dedicated in and out type of material to those farms in order to mitigate it.

But at the start, it was mostly CDFA. It took USDA a while to ramp up and get in. During the 2003 outbreak, we had over 1,000 responders, right now at 301 between state and Federal. We are at about the high that we have been.

The CHAIRMAN. I thank the gentleman for yielding.

Mr. COX. Thank you, Chairman.

Mrs. Georgiades, in fact, I just had to step out to talk to a beef producer who brought up in our conversation that the withdrawal of TPP was such a missed opportunity. I think you already touched on it, but in the sense the U.S. has withdrawn from TPP and the agreement was completed without us, what has that impact been on U.S. beef exports and are we already losing ground in Japan?

Mrs. GEORGIADES. We have moderated as far as losing ground in Japan. Our imports into Japan have been incredibly robust. We, as U.S. beef producers, have essentially created that market.

As I mentioned in my testimony, we are at 38½ percent *versus* our competitors, Australia, Canada, members of CPTPP, who are currently paying, I believe, around 22 percent, but eventually will be going nine percent. You can see that delta is going to make a tremendous impact.

I sat on a panel actually with a gentleman from Canada that said that Japan is their number one target because of the market

share we, U.S. beef producers, created. Pursuing a bilateral agreement, having some sort of agreement in place with Japan is going to be vital for us.

I mentioned about the value of just the different cuts that go into Japan. I have been there twice myself actually to see just the robust demand that they have for our beef, and being able to get that type of agreement in place with Japan is going to be critical for our producers, moving forward.

Mr. COX. Great, thank you so much.

The CHAIRMAN. All right. The gentleman's time has expired. I will now recognize the Ranking Member of the Subcommittee, Mr. Rouzer from North Carolina.

Mr. ROUZER. Thank you, Mr. Chairman.

Mr. Herring, in May this Subcommittee heard from Under Secretary Ibach regarding animal pest and disease threats, and USDA's capacity to protect the industry. Specifically, I asked Mr. Ibach about African Swine Fever, and USDA's coordination with Canada and Mexico in that regard. What is your feeling and what is your opinion? Are you confident that USDA and U.S. Customs and Border Protection have the resources needed to protect the industry?

Mr. HERRING. Chairman, Mr. Rouzer, in our industry, when you look at FMD or ASF or classical swine fever, that is the one caveat. Any foreign animal disease that would make me want to get out of this industry, because it will not only be devastating to pork producers, but all of agriculture.

We have enjoyed a great relationship with USDA and CBP. I think both entities are working very hard. We have been in collaboration with them. Unfortunately, we are short of agricultural specialists at entry points, and we have been advocating to increase that about 600 agricultural inspection specialists, and hoping that Congress will provide the funding for that.

African Swine Fever is the hot topic right now, and it changed the world of pork production last October when it was introduced or became prevalent in the world's largest swine herd in China. Swine production, going forward, will be totally different. When you look at risk assessments, actually we are more susceptible to classical swine fever, but ASF is the hot topic right now.

But to try to answer your question, we need those agricultural inspection specialists, and we need to continue to have the great relationship we have enjoyed so far with USDA and CBP.

Mr. ROUZER. My next question is a much broader question, and this is one that I think about often. I walked by the brand new Whole Foods the other day as you go out towards the Navy Yard, just an immaculate, incredible building, as beautiful a building you will ever find. Polished floors, food on the shelves, and I thought about it. You know, 98, maybe 99 percent of the folks that go in there have absolutely no idea where those food products come from or how they are produced, or any of that. And it has always bothered me a little bit that it seems like we are under the same business model we were under 100 years ago where you are totally dependent upon commodity prices and totally dependent upon trade as well. For years we talked about energy production and how we need to get away from the Middle East and production in the Mid-

dle East, and America needed to produce more. Well now because of advances in technology, we are and helping to dictate the price on the world market.

But it strikes me we have to fundamentally think about making some major modifications for agriculture, because you have huge advances in technology, allow you to produce more on less. But yet, margins get thinner and thinner. At what point do you run out of economies of scale, so to speak? You have all this consolidation in agriculture across the board. Margins continue to get thinner, which means you have to get bigger. Well, the bigger you are, the bigger you are known at the bank. It is almost at a point where you are too big to fail. Well, you hear about that in terms of banking, *et cetera*.

My question is who out there is thinking about a new business model so that we are not totally reliant upon what happens in China and Japan and everywhere else? Not totally reliant upon somebody pulling out of a trade deal or—it just seems like we need to be thinking about this a little bit differently. I don't have the answer. I will just throw it out there. It is the question I ponder all the time.

Mr. HERRING. That is a good question. We are in the business of feeding people, and when you look at projections, they are saying that by 2050 we will have two billion more people in this world. And I am speaking for myself, but I think my colleagues would agree, we want the opportunity to help feed those people.

Ag is a commodity business, and we harvested 123 million pigs in this country last year. In 1979, we harvested about half that many with the same amount of animals basically. Technology has been great. We need the access to it, but we can't urge you enough to help us keep these trade doors open.

As far as changing the way the industry is, I can't answer that. That is way above my pay grade.

Mr. ROUZER. It is way above mine, too.

Mr. Chairman, I have run out of time. I yield back.

The CHAIRMAN. Our next witness is Ms. Craig from Minnesota.

Ms. CRAIG. Thank you so much, Mr. Chairman.

The CHAIRMAN. Thank you.

Ms. CRAIG. Mr. Zimmerman, thank you so much for appearing before this Committee this morning on behalf of Minnesota turkey. I am also proud to see representation from the rest of livestock industry here today, as Minnesota ranks first in turkeys raised, second in hogs, and sixth in red meat production. I am just going to take credit on behalf of all Minnesota here today.

Mr. Zimmerman, in your testimony, you expressed that you are optimistic for the continued growth of the turkey industry in Minnesota. In fact, since 2012, we have added over 100 new turkey farms throughout the state. I certainly share this optimism, but as Mr. Costa said, both you and I know that if we fail to address the emerging issues mentioned in your testimony, we risk slowing the growth for our state and for the industry.

Many of the livestock producers I talked to in my district tell me they need reliable labor, and certainly Mr. Costa touched on immigration reform. I know you mentioned the demand for workers in

your written testimony, and you sat before this Committee in the past to express a need for labor.

How does this lack of workers harm the industry's ability to grow, and what labor reforms would be most helpful to you as a producer?

Mr. ZIMMERMAN. Well, you can't raise more birds without more people, and we have gone down the automation route. A lot of the processing plants have increased automation, but at the end of the day, you still need people in those plants to do things. There is a certain point where you just can't do anymore without the people—and like we all said here, the livestock and poultry industries are different from vegetable crops in that we need year-round labor. We need that certainty of having those people here all the time.

I hear from the processing guys that they employ people; but, they will often employ 120 or 130 percent of the people they need because of absenteeism and just the uncertainty if those people are actually going to be there. We need those workers to be confident that they are going to be here and that they will have a job, and that the processors are confident those people are also going to be here. It is just a matter of getting a visa for your own help, and making sure that they have the confidence and the certainty that they will have that job there, and they won't be removed for any reason.

Ms. CRAIG. There is no doubt in your mind that if we made those kinds of workforce changes that you could raise more turkeys? We could have more processing plants, that our industry would grow?

Mr. ZIMMERMAN. To grow an industry, you need inputs. Whether it is fertilizer, feed, whatever, the input of labor is something we really don't have control over, because it is the erratic nature of the laws that are affecting it. Yes, if there could be more certainty with that input, we could grow more. Just like if we knew we had the fertilizer to grow corn, we could grow more corn. It is no different. We need certainty in that input of labor.

Ms. CRAIG. Thank you, and I sure as heck would like to grow more, let me turn now to the threat of animal disease. I know in Minnesota, we fought this battle with avian influenza, and it is very fresh in everyone's mind.

The 2015 outbreak cost Minnesota's economy nearly \$650 million. Mr. Zimmerman, from your point of view, what has improved between industry and government partnerships when it comes to preparedness, and where can we continue to improve those partnerships?

Mr. ZIMMERMAN. Well, 2015 was a very bad year for us, and we have learned a lot since then. I think we were somewhat well prepared, but we have come a long way.

Complacency is an issue. We have not become complacent. We have changed our barns, made them more biosecure. We have changed our logistical patterns to make sure that we route things to avoid the spread of disease. Our state has a very good monitoring system. If there is an outbreak or anything comes up, we can all be informed right away. Communication is key with our state and Federal partners.

But in the future, the Animal Pest Disease Program that was in the farm bill is critical to stopping it as quickly as possible; be-

cause, as you know, the outbreak in 2015 in Minnesota was followed by a much smaller outbreak in Indiana a year or so later, and they were able to nip that in the bud very quickly. The lessons we learned in Minnesota and the Midwest were applied to that outbreak, and it was much more successful in minimizing the spread of that outbreak. Communication, having boots-on-the-ground right away, and nipping it in the bud are critical.

Ms. CRAIG. Thank you again so much for being here, and I am nearly out of time, so, Mr. Chairman, I will yield back.

The CHAIRMAN. All right. The gentlewoman will yield back, and we thank you for your questioning.

On the Republican side, the next Member will be Mrs. Hartzler from Missouri, for 5 minutes.

Mrs. HARTZLER. Great, thank you, Mr. Chairman, and thank you for each of you being here.

As a lifelong farmer, I grew up on a hog farm, and my husband and I raise cattle today. And Missouri's 4th District has the most poultry of any other Congressional district, and we have a Cargill turkey processing plant. I just feel right at home with you all, and appreciate you coming here.

I wanted to start with Mr. Zimmerman, because in your testimony, you talk about food safety, which is really important. I had an amendment in the farm bill, FSIS is doing a study on small meat processors, but you mentioned in here that you would like to see them continue to modernize inspections and streamline processes for new technology approval. You say that is critical.

I was wondering, do you have any specifics in mind that you think the inspection process needs to be modernized, any thoughts on that, or how the process could be streamlined? What are some of the problems that you are alluding to?

Mr. ZIMMERMAN. Well, food safety is one of our major concerns, and we have come a long way in addressing those concerns. I can't speak from a processing perspective. I can speak from a grower perspective; but, we want to make sure there is a safe food supply out there, and we want an efficient inspection service.

As far as specifics, I can definitely put you in touch with people much smarter than me on that; but, we continue to work on eliminating bacterial threats on the farm through the whole process, and we just, we ask for the government's help in streamlining those processes and making it more efficient so we can do the best we can.

Mrs. HARTZLER. Sure. Okay, great. Thanks.

And we have already talked about the African Swine Fever issue a little bit, but I did want to just emphasize, because this is so important, that this disease has no vaccine. And it is spreading all across the world, certainly devastated China, but Mr. Herring, if you could just emphasize again, you said you really think what needs to happen is to have us here in Congress fund 600 more of these Customs and Border Protection agents. Can you talk a little bit more about how they inspect and how critical it is, our only line of defense is to keep it from getting here.

Mr. HERRING. Well, there are many ways that it could be introduced in our country. I have laid up at night and have nightmares thinking about it, but those agricultural specialists would help us

prevent—and we think prevention is the number one key. Through USDA they have funded 60 new beagles that are being implemented, and today, that is the very best inspection service we have is those beagles.

There is a lot of opportunity, as long as we can keep ASF out of this country. And any given day, we have one million pigs on the road. If we get an introduction in the right place, it will be very difficult for us to contain the African Swine Fever.

Mrs. HARTZLER. Okay, thank you. Well, we are in the process of going through appropriations process, and I think that is really important to us on Agriculture Committee can help advocate for that.

You also mentioned about FDA's current regulation on gene editing process that classifies livestock as drugs and farms as drug distributors, and how this creates international trade challenges. Can you please discuss this a little bit and how this might impact producers on a domestic level, and what you would like to see regarding gene editing?

Mr. HERRING. Well, we would like to see the gene editing be over FDA—I mean, over at USDA. We think it is a viable tool as we go forward, just like we were talking about ASF. There is a potential with gene editing to prevent ASF, animals that are immune to ASF. And we feel like if USDA is the agency to administer it, and if we don't, if we fall behind, we are going to lose this technology to other countries, and it will make our farmers and our rural areas less competitive.

Mrs. HARTZLER. Isn't China doing research right now on gene editing—

Mr. HERRING. There are several countries doing research. China is one of them.

Mrs. HARTZLER. Okay. I only have 30 seconds left, but the NPPC has a new Keep America First in Agriculture campaign. Can you talk further about this campaign, and how it could impact consumer level and producer level?

Mr. HERRING. Well, as Mr. Zimmerman said, first and foremost, we want to grow healthy, safe products that are affordable for our consumers. And any tool, whether it is gene editing or any technology that is available, we want to have firsthand experience and firsthand use of those products and that technology to help our producers and our farmers be competitive on a worldwide stage.

Mrs. HARTZLER. Thank you very much. I yield back.

The CHAIRMAN. The gentlewoman's time has expired, and we will now recognize the gentlewoman from Connecticut, Congresswoman Hayes.

Mrs. HAYES. Thank you, Mr. Chairman, and thank you to our witnesses for being here.

When people talk about my home State of Connecticut, they often skip over one of its most prominent and thriving industries, and that is agriculture. From dairy to greenhouses to poultry—actually, my district, the number one economy is greenhouses, which most people don't know. Connecticut has a vibrant agricultural industry. We are small, but we are mighty. In my home district, there are about 15 local family-owned poultry and egg producing farms. Just this Sunday, I went to an agriculture roundtable with some of these farmers, and had a display of meat birds, which I

got a very good education in that. Our flagship university, the University of Connecticut, has a very large poultry farm and a poultry resource unit, and many of our high schools and academic settings are developing vocational-ag training programs, and there are long, extensive waiting lists.

While much of the poultry in Connecticut is sold locally and regionally, an international export market also exists for farmers in Connecticut. Some of our strongest trading partners are our neighbors in Canada and Mexico. However, those relationships are not without their problems, and farmers and producers in my state and across the country are hit by the roadblocks that do not allow them to produce to their full potential. We heard that from some of the witnesses.

I hear from farmers that trade deals like NAFTA and the new USMCA have made this easier and more frequent; however, certain industries did not get as much easy access, as is the case with dairy and other thriving industries in my state.

I would like to get a little bit more information about how Congress, as well as partners like the USDA and USTR, can help to facilitate the exportation of more poultry to Canada, and what that would mean for businesses, especially small family farmers in my district.

My question is for Mr. Zimmerman. In your testimony, you mentioned that you see significant potential for the turkey industry's growth in the near future. What, in your estimation, will drive that growth, and what impact will it have on the industry and on local turkey farmers?

Mr. ZIMMERMAN. From an export perspective, the U.S. consumer prefers white meat. They now prefer more—maybe a little bit more dark meat.

Mrs. HAYES. So does my husband.

Mr. ZIMMERMAN. I like the dark meat too, but historically it has been white meat. But a lot of our trade partners, Mexico specifically, takes a lot of our dark meat.

Trade and export markets use products as many others on the panel said, that you know, aren't necessarily used in the United States, so it allows us to use the whole bird more efficiently. And our profit margin is pennies, and if we can sell turkey paws (only the foot) to China for a few more pennies, I mean, that is the difference between a profit and a loss.

And as far as a small grower like myself, a rising tide raises all boats, and if the market can improve for everyone, it improves for the little guy as much as the big guy. Trade is just important.

Canada, their system is just a tough nut to crack with their quota system, internally for poultry. Some progress was made there. We would love to see more. We are content with getting some more access to the market, but anything we can do to open that market more fully would be wonderful for U.S. producers.

Mrs. HAYES. That is what I heard a lot, that greater access to the Canadian markets would be helpful. This is what I have been hearing from farmers in my district.

Ms. Porter, for you and your member companies in Delaware, Maryland, and Virginia, what kind of effect would greater access to markets like Canada have on local businesses?

Ms. PORTER. Sure. Thank you. Similarly with turkey again, and the same with the meat chicken industry here domestically, white meat is usually preferred. Dark meat is usually exported, as well as chicken paws, the same thing. There is quite a market for chicken paws outside of the United States as well, too.

Mrs. HAYES. And beef tongue.

Ms. PORTER. That is right, and beef tongue. Again, the opportunities, as I mentioned in my testimony, within our region, a lot of our marketplaces are fresh market, because of course, we have access to millions of folks in the New York, the Northeast area, and so, that is very beneficial to us. We do do some export as well. But what happens is, is that when the exports are limited within, then you have more a glut within the domestic market. That has direct impacts very much so on our fresh market when things are not moving out.

Any increase, any ability to increase exports throughout other areas of the region into Mexico, into Canada is going to benefit our area, as well as, again, the small farmers within your Northeast area as well, too.

Mrs. HAYES. Thank you, and I appreciate you saying that we cannot forget small farmers when we are having these conversations.

Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. The gentlewoman yields back. We thank you for your questioning, and the next Member is Mr. Hagedorn from Minnesota.

Mr. HAGEDORN. Thank you, Mr. Chairman. Witnesses, I appreciate your testimony. It is wonderful to be here today.

I happened to grow up on a grain and livestock farm in southern Minnesota. My father and grandfather, great-grandfather all southern Minnesota farmers. We had hogs and corn and soybeans and things like that, and it was a great experience.

I appreciate what you do. We have a lot of livestock in southern Minnesota. I think we are number two or three in hogs. They did an inventory. They said we were 500 hogs behind Rouzer's district over there. We want a recount. We want a recount. I don't know what is going on, but a lot of hogs, lot of—

Mr. ROUZER. I think you have been counting dead hogs up there.

Mr. HAGEDORN. It is the corn flip. Yes, I think so. A lot of hogs, a lot of beef, and dairy and everything else. And we appreciate you, and what you do to provide the goods to the American people so when they walk into the grocery store, they have those choices at affordable prices. It is a wonderful thing, and we need to continue that.

Sometimes I think we—I heard the testimony, interested in trade, immigration laws and things like that, but we kind of gloss over that there have been some gains made for agriculture in just the last couple of years that have been very important.

On regulations, if we didn't do something about that *Waters of the United States* regulation, I daresay that everybody on this panel would right now be complaining about how it is onerous, it is driving up costs, how the EPA and others would have too much power over your producers and what you do. That was a good thing.

I think the way we looked at energy in the last couple of years has been very important. Some of those anti-energy policies in the last Administration were driving up costs needlessly, and for many farmers, the cost of energy is a big driver, whether or not you are going to make money, lose money, and now we have U.S. energy independence, except for that little 20 percent of crude oil that we import. We are keeping downward pressure on your cost of doing business.

On Obamacare, one of the biggest things that is driving up costs and hurting farmers and agribusinesses has been this Obamacare since it has been implemented. Not enough has been done to fix that, but the association plans and others that have some promise, and we have to do better. I am for patient-centered medicine, and I promise to do everything I can to try to drive down your costs there.

On trade, though, yes, USMCA I am all for it. I was the first elected official in the State of Minnesota to come out for it. My friends, Congressmen Tom Emmer and Pete Stauber, are from Minnesota. We sent a letter to the President and to the Speaker saying send us that agreement. Madam Speaker, let's get a vote. There are five folks that we offered that up to in the Minnesota delegation who weren't Republicans. They didn't sign, but I would encourage you to go to my friends on the other side of the aisle and encourage them to go to the Speaker and say we need a vote. Because Mexico and Canada are going to ratify it. Mexico already did. But the only way we are probably not going to ratify it in the United States is if the Speaker doesn't give us a vote on the House floor. And we need to have a vote by the end of the year to make sure that this is done. I would like it done yesterday as well, sir, so let's keep that in mind.

And it will build great momentum for these other deals. I mean, if we can't do one with Mexico and Canada, how would anybody in Japan or China or anywhere else expect us to get something done with them? And the deals that they are working on with Japan, China, the UK, South Korea, it is good for agriculture. It is good for all the Minnesota businesses and others.

On immigration, though, I hear kind of one side of it, and we have to remember there are two sides to this. One is I am for a work program. Let's expand it. Let's bring people in, fill needed jobs. We can offer them credits towards citizenship. We can do lots of things in order to make sure that we have folks for these jobs. But until we secure the borders, until we have an immigration system that works, that can't be circumvented, those programs are worthless. Because if you can just run over the border or overstay a visa and then undercut the programs that we have to try to fill these jobs, some people are still going to cheat. Some people are still going to get in there and work illegally. That is inherently unfair. We have to have a system that is fair and legal for everyone.

I am for that. I hope you will want to secure the borders, have merit-based immigration. Those types of policies that are going to make sure that we have an even playing field for everyone, and that we can have commerce and industry and workforce like you need.

With that, I yield back. Thank you.

The CHAIRMAN. All right. The gentleman yields back, and the next Member on our side is Ms. Plaskett from the U.S. Virgin Islands.

Ms. PLASKETT. Thank you very much, Mr. Chairman, and I thank the Ranking Member and the witnesses for being here.

I think this has been a really enlightening and educational discussion, at least on my part. I would think some of my colleagues as well.

Mr. Zimmerman mentioned something that I found very interesting with regard to flu and some of the work that you did afterwards after the disease to making sure barns were safe and more stable.

Ms. Porter, you referenced, however, that  $\frac{1}{4}$  of the chicken houses in your region are more than 30 years old. Would you guess the same is true for other major poultry-producing parts of the country?

Ms. PORTER. I would not necessarily be able to speak for other parts. As I mentioned, our industry has been around for over 100 years, so we have had quite a robust industry for a while. But I would speculate that there probably are some aging houses throughout, especially within the Southeast, again, in the states that have had an industry for a while. Many of those houses have had technological upgrades over the years.

Ms. PLASKETT. Sure.

Ms. PORTER. But, like any house, even your own current houses, there is only so much that you are able to do for upgrades, and so that is why sometimes you will need—

Ms. PLASKETT. What tools would help and support farmers for upgrades in those areas?

Ms. PORTER. Sure. Most of the time any upgrades or technology are going to have some costs to them, so to have secure lending opportunities, whether it is through USDA, FSA programs, whether it is through any of our rural banks and local banks and lenders, as well as programs through the SBA as well, too. All of those are very important. Most of the upgrades are not \$100 or \$200 fixes.

Ms. PLASKETT. Sure.

Ms. PORTER. They are usually thousands of dollars.

Ms. PLASKETT. Substantial.

Ms. PORTER. Yes, absolutely.

Ms. PLASKETT. I know in the Virgin Islands, you talk about—secure loan sounds like a great idea, as well as rural banks and making them easier for farmers to be able to utilize is the thing that I think about most.

In the Virgin Islands, our needs are not necessarily age, but resilience to be prepared for inclement weather and other issues that we may have. And so, I appreciate some of those things that you mentioned.

I know Mrs. Georgiades—tell me how to do it right.

Mrs. GEORGIADES. Spot on. You got it. Me too, I am still practicing, I promise you.

Ms. PLASKETT. When I talked about sustainability and resilience, you mentioned accurate portrayal of sustainability in ranching. What practices does your farm employ, and why do you choose to implement them?

Mrs. GEORGIADES. One thing I have always made a hallmark on about our industry is that you cannot find any better conservationists in the world than agriculture producers. If we don't have productive land, we can't produce the food and fiber that our neighbors enjoy.

It has been an interesting conversation from the standpoint that people will look at agriculture producers and perhaps really out of not understanding the industry, associate certain practices that are not accurate with what we do. I have always, like I said, you cannot find a better conservationist in the world than agriculture producers, because the things that we do, for example, in my part of Texas, we are in one of the highest forage producing areas of the United States. We have ample rainfall. We have had a little too much this year. It has been quite interesting. But the benefit is that we are able to produce forage. And as we know, forage cannot be consumed by humans to be converted to food.

Ms. PLASKETT. Right.

Mrs. GEORGIADES. And so, the techniques that we use are different rotational grazing practices, and just optimal utilization of the natural resources that we are given. And so, that is our responsibility as producers, and our operation at Santa Rosa Ranch is to make sure that we utilize those to the greatest benefit of the cattle and the beef that we are producing.

Ms. PLASKETT. Well, I appreciate that, and I know that ranchers in the Virgin Islands as well where we produce them, and created the Senepol bull, which is a very heat-resistant and made specifically to adapt to environment. I appreciate—

Mrs. GEORGIADES. Actually, we have exported cattle to other Caribbean nations also.

Ms. PLASKETT. Excellent. We have to talk.

Mrs. GEORGIADES. Yes. Brangus do just as well as Senepols everywhere else.

Ms. PLASKETT. See, you need to come on down to the Virgin Islands then.

Mrs. GEORGIADES. I would love to.

Ms. PLASKETT. February is agriculture fair. What better place to be in February?

Mrs. GEORGIADES. I think that sounds like a great time to visit. Thank you.

Ms. PLASKETT. I am showing off. Thank you so much.

I just wanted to know, Mr. Chairman, if I might, Mr. Zimmerman, the importance of Federal research and expertise. You mentioned that, and why is the Federal research so important to the turkey industry? And with that, I yield back.

Mr. ZIMMERMAN. Federal research, state research, university research is always important for new and emerging disease threats. We don't know what—we knew about avian influenza, but the highly pathogenic strain, we saw that coming but we didn't see it coming. But with the help of the University of Minnesota and Federal research we were able to figure out these different viral strains, and they are constantly changing and constantly mutating. And the help of the academia, as I mentioned, to analyze what is there and what is not there has been incredibly beneficial.

After our outbreak of avian influenza, there was a massive study undertaken about why did it happen here and not here, and through the University of Minnesota and other institutions, they were able to come up with many theories of why viruses travel the way they traveled. And it was incredibly beneficial for us preparing for the next outbreak to have that information from them. And that is something that only a large institution like that could do with Federal funding.

The CHAIRMAN. All right. We thank the gentleman for his answer, and we thank the gentlewoman for questioning and her focus. You sort of hit an interest over on this side about possibly having a Subcommittee hearing in the Virgin Islands, part of that conversation.

The gentleman from Pennsylvania, let me recognize Mr. Thompson.

Mr. THOMPSON. Thank you, Chairman. Thanks to the members of the panel for being here today, and thank you for what you do, and just reinforcing the importance of what you do. We need a robust American livestock and poultry industry. It benefits American families in every community. It contributes towards what we need to achieve of a more robust rural America. And it also, quite frankly, benefits national security. You are all in the national security business, actually, from my perspective, you look at the importance and the priority of food security when it comes to national security.

Just real quickly, how much of a threat is the workforce shortage and the unreliability of workforce in the livestock and poultry industries to our own nation's food security? Thoughts on that?

Mr. ZIMMERMAN. It is the number one issue we have here in D.C. this year, and it has been the number one issue for the last several years. Like I said, it is the one input that we really have the least control over right now. And without having people, we can't function. I don't know how to put it more simply than that. We just need a steady, secure source of labor to do our jobs.

Mr. THOMPSON. Yes. Without workforce, there are great business plans, but you are just not going to be able to produce, and without that, it is a pretty slippery slope to food insecurity.

For that reason, if no other reason, I mean, as quickly as possible as we can get USMCA ratified, approved, and then obviously, that is the motivation for—and that would give us great momentum with—trade with other countries. Mexico and Canada are number one and number four maybe, something like that, in terms of trading partners. They are certainly top.

We talk a lot about—well, we actually talk a little bit. We have seen no action on infrastructure. I thought coming out of the chute in January that would be the first thing that we would do in a bipartisan way. We haven't gotten there yet. But when we do, do you see any needs within your industries for processing? Agriculture processing in my home State of Pennsylvania is something that—workforce is a limiting issue, but the availability of sufficient processing for agriculture products as well. Any ideas or suggestions that we should put forward to be considered with some type of infrastructure package that hopefully will be occurring here in the not too distant future?

Mr. ZIMMERMAN. I guess related to infrastructure, I will talk about truck weights. That is something that we have been discussing corn-side, turkey-side, whatever, but if we could—several states have increased their truck weight limits, and that needs to be something that would be able to cross state lines. Some sort of uniformity in truck weights and increasing those truck weights. We can reduce—it helps with labor because you don't need as many truck drivers, and it helps with infrastructure because you don't destroy your roads because you have less wheel—it is much more efficient. Sustainability, it helps on so many different levels.

But to have some sort of uniform increase in truck weights would be very beneficial in a number of ways to our industry.

Mr. THOMPSON. Mr. Salmon, you mentioned in your testimony the difficulty of cost enforcement issues associated with the H-2A program and the sheep industry. Can you elaborate just a little more with that?

Mr. SALMON. I am sorry, could you repeat part of that question? I missed part of it.

Mr. THOMPSON. Sure. Just with the difficulty of cost enforcement issues associated with the current H-2A program, specifically to the sheep industry. I wondered if you could just elaborate on that a bit about what those issues are? Why doesn't that work well for year-round agriculture?

Mr. SALMON. For us, the sheep herding program is a year-round function. For the rest of the industry, most of it is going to be either in processing or in sheep or goat shearing, which is typically seasonal. But the problem that we have been faced with is somewhat we would call some frivolous lawsuits against the H-2A program where those folks who have applied for H-2A workers, and it has really cost a lot of folks a lot of money to try and deal with that issue.

But we need those workers, because we can't find those workers—we can't find American folks that will take some of those jobs.

The CHAIRMAN. I agree, and your time has expired, but we will continue to try to work on this important area.

The last Member on our side for questioning is Congressman Panetta from the beautiful Central Coast of California. Mr. Panetta?

Mr. PANETTA. Thank you, Mr. Chairman. I appreciate this hearing. I appreciate this opportunity, and thanks to all the witnesses for being here, as well as your preparation to be here. Clearly a lot was put into this, and thank you for your expertise on this issue as well.

As the Chairman mentioned, I come from the Central Coast of California, so we have a lot of specialty crops. We have a little bit of cattle, and some dairy as well. But obviously, the specialty crops are what we focus on. However, even though we have different products, I think we all have the same issues, clearly based on the few questions that I have heard in these last couple minutes.

Obviously, immigration is very important. Sustainability is very important. Infrastructure is very important as well. And yes, I do believe that we need immigration reform. Yes, we are—want to get to yes on USMCA on this side of the aisle, and I just came from a Ways and Means meeting where basically discussions are being had and negotiations are being had as we speak, in regards to that

with the Trade Representative as well. Bob Lighthizer has done one heck of a job, I believe, in being accessible and being ready for these types of negotiations. That is a good thing.

However, I do believe there is also another angle we can go, and I kind of saved that. Obviously, a lot of people took all my questions, so now I am at this question right here, and that has to do with ag tech. Because I do believe that we can look at mechanization to fill some of our labor issues. I do believe we can look at ag tech to fill some of our sustainability issues as well. Being from the Salinas Valley, which is in the shadow of the Silicon Valley, obviously we have a lot of those relationships and you are seeing a lot of private industry make those types of investments. I believe it is time for the government to step up and also help out as well, and that is why we wanted some of that mechanization language in the 2018 Farm Bill, which we got.

But my question to you, to anybody that would be willing to answer, would be how is ag tech benefitting your industry, and where do you think—if you could rattle off a couple of innovations that it has helped, either with producing or—I am not going to say harvesting, that is us—but producing or sustainability as well?

Mr. ZIMMERMAN. It is interesting, because just in the last few months we have actually installed a prototype robot in one of our turkey barns.

Mr. PANETTA. Exactly. Can you go into detail about that, will you, Mr. Zimmerman?

Mr. ZIMMERMAN. I can go into some detail, but they don't want too much detail out yet.

Mr. PANETTA. I understand.

Mr. ZIMMERMAN. It is mainly to gather environmental parameters, but also for animal welfare, to check on the health of the birds and make sure everything—a robot can be there 24/7, and it can notice problems much quicker than a human could.

Robotics is one thing, but then just computerized monitoring and sensoring in the barn has been another thing. Today's hog barn is—I can access my turkey barns right here. I know exactly what the temperature is in every barn right now. Things like that and gathering data. Analyzing that data is a whole other thing. What are we going to do with all the data once we get it, and that is what we are working on now.

Replacing some labor, but not all. I think it changes the labor. It helps you become a better manager, and I was always told all this data and all this modernization will make a good manager better, and it will make a bad manager worse. You still need good people in there to do the jobs, and we are also going to need a new class of people to fix all this increased automation. Tech degrees, 2 year degrees, people that have the ability to repair and replace and monitor these computer systems and these robots and these barns, whether it is turkeys, hogs, sheep, whatever, are going to be of value in the future, too.

Mr. PANETTA. And are you seeing that kind of shift in some of your local community colleges, your local colleges as well?

Mr. ZIMMERMAN. Robotics clubs are big. I am 46 years old and I didn't think I was old, but now I have these 22 and 25 year old

kids coming out and putting robots in my farm and talking a language I don't even understand.

Mr. PANETTA. Yes.

Mr. ZIMMERMAN. But some of them played football, but most of them were in a robotics club. It is a whole new world.

Mr. PANETTA. Yes, and look, you are right. I think nothing will replace our human intuition. As a farmer said to me, the best fertilizer is a farmer's shadow, and I a firm believer in that. However, I do believe that, like you said, there has to be some improvements to make it a little bit easier in regards to dealing with some of the conditions we have, and especially with sustainability. If there is anybody else that has anything to say in regards to how ag tech has helped your industry?

Ms. PORTER. I would just echo, again, what Mr. Zimmerman said, and in addition to that, it has also been talked about too, just the importance of ag research. The ag tech, you do have individual companies that are looking at this; but, it is also important again in looking back at academia and working with our land-grant universities and having the ability to work with them and work with that research. The land-grant universities, through their practical research, through their extension services, working directly with growers, farmers are really going to be some of your best ways to help advance and continue to advance any ag technology out there.

Mr. PANETTA. Outstanding. Once again, thank you, ladies and gentlemen. I yield back my time.

The CHAIRMAN. I thank the gentleman for his questioning and his comments, and we are now prepared to adjourn. I will recognize the Ranking Member here for any closing remarks that he may want to make.

Mr. ROUZER. Well thank you, Mr. Chairman. I want to thank each of the witnesses for being here today, for providing your testimony and your expertise to us. It means more than you know. It is very valuable to the Committee as a whole, as well as Congress in general.

There are a number of issues out there that are challenges, and a number of those were highlighted today, and I appreciate your input on that. I want to underscore again just how important it is to get USMCA ratified. Probably if there is one thing Congress can do between now and the end of the year, I don't know of anything more important than that. Of course, we have other things on the plate that we got to deal with, the caps agreement and budget deal, and appropriations bills, *et cetera*. But from a policy standpoint and trade policy standpoint, I don't know anything more critical to agriculture. Let's keep up a full court press to get that vote, and get that agreement ratified.

With that, Mr. Chairman, I appreciate the opportunity to join you today, and your work on these particular topics, and I yield back.

The CHAIRMAN. Well thank you very much, Ranking Member, for your coordination and collaboration with this Subcommittee. We appreciate it. I think we had a good hearing this morning. I, too, concur that besides dealing with our budget bills and dealing with sequestration and lifting the debt ceiling, which are among our first priorities, clearly, to keep government funded, passing the

USMCA measure would—before the end of the year—be significant on behalf of not just American agriculture, but our partnerships with Mexico and Canada and continuing to build on our economy and provide certainty as we try to deal with other trade agreements as well.

Quickly, Mrs. Georgiades, California may not have as many beef cattle as you have in Texas, but we have a lot of them too. We exported \$375 million in beef products. Beyond maintaining our tariff re-access to Mexico and Canada, can you see us getting a deal with Japan, and what other markets are most important to the U.S. beef producers?

Mrs. GEORGIADES. Japan is our number one market. South Korea is our second. Mexico is our third. Canada is our fourth, and Hong Kong is fifth. Hong Kong is the pass-through market to China.

The CHAIRMAN. It is mainly that gray market in Hong Kong, is it not?

Mrs. GEORGIADES. It is, and they admit to it, too. Yes, that is what they do call the gray market. Working with the European Union at this point in time is another strong effort that we are making to fortify those agreements as well. But as I mentioned before, the uncertainty that surrounds these different trade issues that we have are what make people concerned. I think that passing USMCA, ratifying this will give people confidence. I would say it would give our producers confidence to perhaps invest in and expand their operations even more so, understanding that we are moving forward and trying to have some of these agreements in place with our largest partners.

The CHAIRMAN. And it is not just beef, but it is all commodities that we grow in this country

Mrs. GEORGIADES. It is, correct.

The CHAIRMAN. I won't bother to take you through the list of California commodities. Forty-four percent of our agriculture is dependent upon export, and so these trade wars are not helping that at all, and the mitigation is a pittance in comparison.

Well, I thank my colleagues. We got a good conversation on not only specifics within livestock and poultry, but also the challenges that all of our industries are facing with regards to immigration and trade, something that American agriculture deals with in common, and we must try to provide solutions in those areas.

With this work of the Subcommittee done this morning, under the Rules of the Committee, the record of today's hearing will remain open for 10 calendar days to receive additional material and supplemental written responses from witnesses to any questions posed by a Member.

This hearing of the Subcommittee on Livestock and Foreign Agriculture is now adjourned. Thank you.

[Whereupon, at 11:59 a.m., the Subcommittee was adjourned.]

